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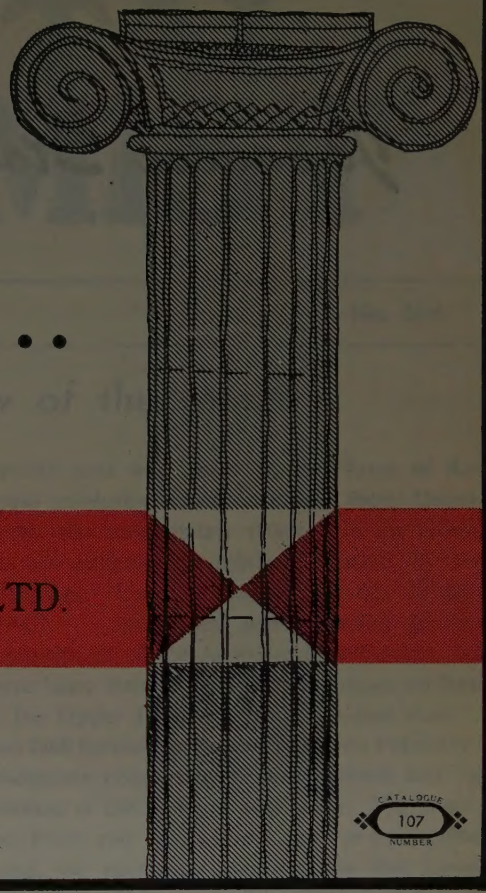

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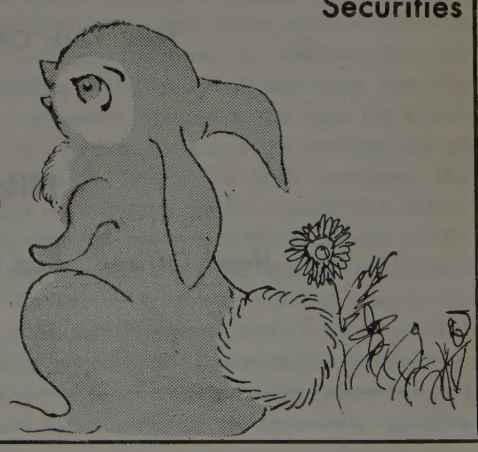

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Contents

REVIEW OF THE MONTH:
Lower House's Approval of New Security Pact 303
For Defense of Parliamentarism 304
Sohyo's New Campaign Policy 304
End of Japan-Soviet Fishery Talks 305
BUSINESS INDICATORS:
Production · Shipments & Inventoaies · Foreign Trade · Wholesale Prices · Employment & Wage · Equipment Investments 306
MONEY & BANKING:
Seasonal Easing · Financial Fund Payments · Call Market Quiet · Savings at New Peak 308
STOCK MARKET:
Tighter Curbing · Heavy Fall · Selective Buying for Minor Shares..... 309
LEADING ARTICLES:
A Century of U.S.-Japan Trade..... 311
U.S.-Japan Capital Transactions..... 315
Production Spiral in Fiscal 1959 320
VIEWS & TOPICS:
Free Trade & Machine Tool Industry... 323
By Shigeo Ogata
FOREIGN TRADE:
Tariff Revision v Free Trade · Modernization of Tariffs · Ad Valorem or Specific Duty · Industry Concerned About Rates · Percentage of Customs Revenues · Flexibility of Tariff Rates..... 327
LABOR:
Quiet but Fruitful Spring Offensive · Miike Mine Struggle Prolonging · Unemployment at Lowest Ebb 329
KALEIDOSCOPE: 330
GLIMPSES OF JAPANESE CULTURE:
Japanese Master Carpenters 331
By Masaru Sekino
JAPANESE STOCK MARKET:
Its History & Development..... 333
Capital Liberalization & Stock Market... 339
"Big Four" Securities Companies 343
COMMODITY MARKET:
Iron & Steel · Non-ferrous Metals · Cotton Yarn · Worsted Yarn · Chemical Fibers · Raw Silk..... 348
COMPANY NOTES: 349
COMPANY OF THE MONTH:
Toyota Motor 350
BOOK REVIEW: 352
TOKYO LIVING COST INDEX REVISED 353
STATISTICS 354

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Review of the Month

THE new Japan-U.S. Security pact was passed at the House of Representatives by the solo resolution of the ruling Liberal-Democratic Party on May 20, and was immediately referred to the House of Councillors. As treaties are declared automatically passed by the Upper house on the day 30 days after they were referred by the Lower House under the provisions of the Japanese Constitution, the new security treaty will have been ratified by the two Houses on June 19 even in the absence of the Upper House approval by that date.

LOWER HOUSE'S APPROVAL OF NEW SECURITY PACT

The new security pact was laid before the National Diet on February 5 and was debated at the budgetary committee of both Houses and the security treaty special committee of the Lower House since. The rivalry between the Administration Party and the Opposition over the ratification remained unsolved and the pact was approved by the Lower House in the presence of only Liberal-Democratic Representatives without the participation of Opposition members. The turmoil at the Diet from the night of May 19 through the early hours of the following day was a scene far away from the conception of democratic politics. The confusion at the Diet started from the morning of May 19 when the Liberal-Democratic Party decided to force through the 50-day extension of the Diet session. With Liberal-Democrats attempting to open the plenary session and Socialists forcing to block the opening, the tug-of-war continued late into the night despite the repeated warnings by the Speaker, Ichiro Kiyose. The Speaker, confined to his room by force, invited about 500 policemen into the Diet building at about 11 o'clock to remove Socialist Representatives and their secretaries who were blocking the entrance to the Speaker's room, and was helped to the main chamber of the Lower House. The Lower House, then, approved the 50-day extension of the Diet session (until July 15) and the ratification of the new security pact in succession without the presence of Opposition members.

Answering to the criticism against the use of police, Speaker Kiyose later told the press that he had to resort to that action as he considered that the failure of the Diet to do its functions by violence was the destruction of democratic politics. The entry of policemen into the Diet floor took place on two occasions before—at the time the Police Duties Law revision bill was voted in 1954 and the revision bill of the Education Law was debated in 1956. On both occasions, the conservatives and renovationists were bitterly pitted against each other. The Socialist Party, declaring that the passage of the extension of the Diet session and the security pact was null and void, rejected to take part in the future debates unless the Diet is returned to a state prior to the passage. In spite of the Socialist claim, however, there is no doubt that the new security pact was legally passed by the Lower House by majority. Those opposed to the security pact will not concede to this judgement, and many even among the Japanese pact supporters are apparently repulsive

to the forcible passage. The failure of many Representatives belonging to the anti-main-current faction in the ruling party to take part in the resolution is making the future course of the poltical situation still more confused. Why, then, did the ruling party make such haste in having the pact approved in the Lower House despite the 50-day extension which might have enabled more exhaustive debates. Explaining the situation, the executive of the Liberal-Democratic Party gave the following reasons: 1) Prior to the Diet approval, the new security pact was subjected to Diet debates for some 153 hours, a record length of time spent for a single bill before and after the war. At least as the hours spent were concerned, the bill was sufficiently debated: 2) Because of the basic difference in the conception of the international situation on the part of the Opposition, further debates would be futile: 3) The repetition of the clash separately for the extension of the session and the ratification of the bill was considered unwelcome.

From the standpoint of the Socialist Party, the division of opinion over the bills is settled by the majority decision under the rule of parliamentarism, and the minority, if desirous of blocking the passage of a certain bill, can find no alternative other than the obstruction of the resolution. To prevent the Speaker from entering the floor is a measure to that end, and the Socialist Party resorted to this step, although the Socialist attempt proved abortive by the police intervention. If the Socialist step had proved successful, the opening of the plenary session would have been impossible (as the Vice-Speaker was a Socialist member), and the session extension and the could not have been passed.

Any attempt to obstruct the business of the Diet by force, however, is not permissible under the democratic Diet system. The Socialist Party is attempting to justify its action as a step to oppose the force of majority. In this connection, it may be said that the Liberal-Democratic Party had to resort to a high-handed measure as it had anticipated the Socialist strategy to use violence. The abnormality in the Diet is feared to spur the undemocratic practice to resort to force without reason outside the Diet. Already, street demonstrations by leftist elements have begun to show signs of going to excess. In democratic society, the idea of bringing the rival to knee by force is unpardonable. The Kishi Government is entirely different from the Syngman Rhee regime, as the freedoms of speech, association and gathering are lavishly upheld in Japan, and the political party which obtained the majority through a general election freely held is now forming the Government. Whatever the differences in ideologies or principles, the leftist attempt to compare the Kishi Government to the Rhee regime in order to justify its action is an insult to the Japanese people. The Japanese people, if firmly determined, may well force the Government to retire without recourse to force but through democratic procedures.

THE Japanese people is highly critical of the passage of the new security pact through the Diet by the solo resolution of the ruling party, and a certain section appears to approve the Socialist recourse to force as justifiable.

FOR DEFENSE OF PARLIAMETARISM

This is a dangerous trend. Now that the situation has become so tense, it is considered rational for the Government to confirm the will of the nation by the dissolution of the Lower House, as to follow the veridict of the general election is the only way to protect parliamentarism and democracy. Had the Government intended to have the security pact ratified at the Diet without the medium of the Lower House dissolution, it would have given more time for fuller debates on the bill. The extension of the Diet session should have been justified by the longer and more exhaustive debates on the new security pact. The new security pact has incurred unnecessary suspicion among the public because of the fault-finding strategy by the Socialists and the Government's bungling in Diet replies, well proved by the increasing number, although restricted in scale, of opposers in newer censuses of public opinion on the issue. Many are still ignorant of the fact that the new security pact is the improved version of the existing treaty which has set no time limit and no provision for prior consultation, and that the rejection of the new pact means the continuance of the existing treaty without amendment. It appears many of them are under the wrong impression that a new treaty is being arranged between Japan and the United States, and that the new pact is bound to involve Japan in war. And the debates at the Diet have been so arranged and propelled by the Socialists as to give such deformed impressions to the masses. When the Socialists speak of minute and exhaustive deliberations, they actually mean to delay the Diet proceedings with the object of having the security pact shelved at the end of the current Diet session. As the Socialist Party has openly declared that it would never approve the new security pact, further deliberations are futile. If, however, the Government had given more time for fuller deliberations of the bill through the extension of the session, the trend of public opinion toward the Government and the ruling party would have been far better. Such a process was difficullt, however, as the ruling party and Opposition were irreconcilably opposed. A general election is necessary not only for the conquest of such a deadlock but for the demonstration that those who cry loudest alone are not speaking for masses.

SOHYO'S NEW CAMPAIGN POLICY

SOHYO (General Council of Japanese Trade Unions) is now drafting a campaign policy for 1961 to be submitted to its national convention in July. The labor movement in Japan has been apparently deadlocked due chiefly to the failure of the spring offensive and the partial collapse of the structure resulting from the split of the Socialist Party. Well conscious that the present inactivity is principally attributable to the existing system of unionization by enterprise, leaders of Sohyo have clarified the policy to convert the unionization by enterprise to the unionization by industry under a five-year plan. It has been oftentimes pointed out by various circles that the weakest point of Japanese trade unions exists in the system of unionization by enterprise, but the problem has not so far been tackled chiefly because of the specific character

of Japanese employment relations, and Sohyo leaders are getting ready to take up this knotty problem. According to the Labor Ministry, there were some 39,000 trade unions (with membership standing at about 7,000,000) as of June, 1959. Of the total, the All-Japan Seamen Union is perhaps the one and only industrially-unionized body, as all others are the unions organized by individual enterprises. The predominance of trade unions by enterprises in Japan is attributable to the unique relatsonship between capital and labor in this country. In Japan, workers, if once employed by a certain company, would usually stay in that firm up to the age limit (mostly 55 years). Under the Japanese employment system, wages are raised by the seniority rule, with those longer in service getting higher pays. Hence, it is quite disadvantageous for many, unless excellently skilled, to move to a new company. The employing company, on its part, is reluctant to engage workers who were in the employ of another firm. With the size of dormant unemployment relatively large in this country, those who lost jobs find it quite difficult to find new employment. Thus, workers are generally compelled to stick to the companies which hired them first. It is on the basis of such an employment mechanism that the Japanese unionization system has taken its peculiar pattern. Employees (desk and field workers inclusive) of each company or enterprise are organized into unions in the majority of Japanese trade unions to the exclusion of employees of other companies. Hence, union members become more conscious of the interest of their company or enterprise than that of the working class in general, as the ruin of their company means immediate unemployment. Unions of the better-paying companies are unwilling to collaborate with unions of lower-grade firms, and the differences in business showings also serve to isolate one union from another. Under the existing system of unionization by enterprise in Japan, therefore, any full-fledged labor struggle by unions organized by industry is extremely difficult. From the standpoint of employers, labor management is easier with unions organized by enterprise. To keep their unions within the frame of enterprises without developing into unions by industry, employers are extending special conveniences to workers in employ by letting them use company facilities without charge, letting some of them attend union business and having union fees to be deducted from payrolls. Union members, thus strongly "enterprise-minded," are more attentive to the interest of the companies at which they are working, and management and labor eventually have common interests. In labor disputes over wage raises or dismissals, therefore, unions organized by enterprise are unable to fight to the last for fear that their companies may be endangered. In many cases, unions are led to compromise or split in the circumstances. The union at the Miike colliery of Mitsui Mining Co., reputed as the strongest of unions under the aegis of Sohyo, was broken up in the course of the current strike. In view of such bitter experiences in the past, leaders of Sohyo has taken up the reorganization of unions from the enterprise formula to the industry basis in order to strike at the root of the trouble. Trade unions, on their part, are reluctant in practice to follow the new Sohyo policy, although they are fully conscious of the superiority of unions by industry as the last goal of unionization. All in all, the reorganization of Japanese trade unions into the industrial groupings is considered difficult without the overall solution of other basic bottlenecks such as the wide gap between corporate showings, extreme isolationism in the employment machanism and the existance of bulky dormant unemployment.

THE Japan-Soviet fishery talks, started in Moscow on February 2, came to a close on May 17 through a liberal concession on the part of Japan. As usual, the negotiations were procrastinated for more than 100 days.

END OF JAPAN-SOVIET FISHERY TALKS

Under the agreement reached at the Moscow talks, Japan's salmon fishing quota for this year was placed at 67,500 tons, a compromise between the original Japanese demand of 85,000 tons and the Soviet-proposed 50,000 tons. The Japanese quota has been dwarfed year by year, from 120,000 tons at the first fishery talks in 1957 to 110,000 tons in 1958, to 85,000 tons in 1959 and further to 67,500 tons this year, or about half the intial share. To bring greater pressure to bear on Japan, the restricted fishery area has been expanded each year. At the first fishery talks, the off-shore limit was extended, and the Okhotsk Sea was totally designated as the restricted are a at the second negotiations. Last year, the banned area was enlarged extensively to the waters east of the northern Kuriles and in the vicinity of the Commandorski Islands. At the Moscow talks this year, a rectangular banned area east of the Kamchatka peninsula and two triangular restricted areas east of the southern Kuriles were newly established. At the negotiations this year, as before, Japan and the Soviet Union were pitted against each other over the problem of fishery resources, and the agreement was referred to a political level meeting. In political negotiations in which national strength speaks louder, Japan was forced to accept an unsatisfactory settlement. The Japan-Soviet Fishery Treaty aims at the conservation and useful utilization of marine resources in northern waters. Hence, the courtailment of the fishery quota may be temporarily inevitable if such resources are found declining. The reduction of the catch, however, is not the only method for increasing fish resources, as salmon is a species possible of artificial incubation and increase. Prevention of damage by sea animals and the avoidance of constructing industrial plants along the basins of neighboring rivers are equally effective steps to be taken for increasing marine resources. The Soviet formula of reducing the catch and expanding the restricted area against Japan without adopting any such positive measures, therefore, is not acceptable by the Japanese people. The fishery talks between Japan and the Soviet Union should be so conceived originally as to be conducted on the basis of scientific data. Actually, however, the negotiations have been pushed through political compromises to the consequent neglect of necessary scientific scrutinies into marine resources. In such a system, the stronger has the voice, and no fair and equitable outcome is to be expected. The fact that the Japanese and Soviet negotiators would always be at loggerheads in their claims over marine resources is attributable chiefly to the lack of basic data mutually acceptable, and special consideration in this respect is essential. For the preparation of such basic data, a permanent research organ should be created for free and frequent interchanges of researchers to conducts joint surveys, as such surveys conducted in the past were only nominal. Negotiations should be conducted in a manner acceptable to both negotiating parties. Any reduction in the fishing quota will become acceptable if endorsed by definite and sufficient scientific data.

Business Indicators

Industrial production as well as producers shipments in March continued brisk into March, although a marginal slip from February was witnessed. In foreign trade for April, both exports and imports receded from the March levels chiefly due to seasonal deterrents, but an early recovery is believed likely. Employment continued bulging at least until March with the wage level also swelling soundly, while wholesale prices retained the bearish keynote into May. In sum, the Japanese economy is still in the process of a well-balanced boom, although money is bound to grow busier under the impact of bulky plant-equipment investments due to start from the second quarter (June through September).

Production :—The industrial production index (mining and manufacturing inclusive : adjusted to seasonal variations) in March registered 215.9 (1955=100), diving 0.6% from February, but still 33.3% higher than the like index in March, 1959. According to present indications, production is certain to continue hiking, although the increasing pace may be gradually slackened. On the list of gainers in March, cement, chemicals and petroleum products forged especially ahead, while the rising tempo of iron and steel products and electric machines was comparatively bridled.

Shipments & Inventories :—Shipments by producers moved almost hand in hand with production in March with the shipment index for the month (1955=100: adjusted to seasonal variations) receding 0.9% from February, apparently in reaction to a steep gain noted in December, last year. The March index, however, was still 28.7% above the corresponding figure a year ago. Worthy of particular note in March was the fair hike of coal shipments which at 4,825,000 tons registered an all-time peak on the spur of increasing demands by electric power and railways. March shipments also mounted for machinery, agricultural implements, automobiles, fertilizers and petroleum products. Electric machinery recorded only a restricted gain and textile products marked time.

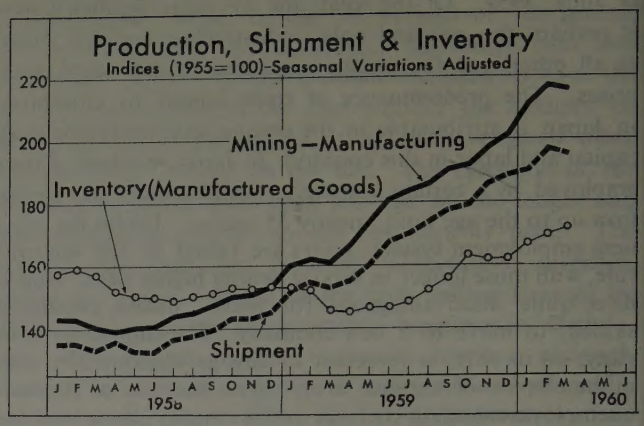
In sharp contrast with the apparent standstill of production and shipments in March, inventories of manufactured goods in hands of producers made a fair increase with the index for the month (1955=100 : adjusted to seasonal variations) climbing 1.7% over a month ago to 172.4, and up 18.8% over a year before. With coal

1. Production, Shipment & Inventory Indices

(1955=100)

	Production*	Producers' Shipments	Inventories (A)	Inventories (B)
1959—March	160.9	152.9	145.8	166.3
April	166.4	155.2	145.1	163.7
May	174.0	160.4	146.7	167.1
June	181.1	167.6	146.8	168.3
July	183.2	169.9	148.2	170.9
August	186.2	173.7	152.2	171.5
September	190.4	177.7	156.1	176.3
October	192.0	179.3	163.1	175.0
November	197.6	185.8	162.0	176.3
December	201.9	188.2	162.2	179.9
1960—January	211.1	190.6	167.1	183.1
February	217.3	197.2	169.6	188.1
March	215.9	195.4	172.4	193.3

Notes: *Mining & manufacturing inclusive: All indices adjusted to seasonal variations: Inventories A.....Manufactured goods: B...raw & processed materials: March figures preliminary.
Source: Ministry of International Trade & Industry.



stockpiles at collieries as of the end of March more than 50.0% smaller than a year ago, the inventories of other finished goods in the manufacturing sector were over 21.0% bulkier. As shipments have continued energetic, no surplus inventories are likely, but sizable increases of stocks for paper and pulp, and textile goods in these few months are noteworthy.

Meanwhile, the inventories of raw and processed materials also increased in March, with the index (also seasonally adjusted) standing at 185.3 as of the end of the month, up 2.8% over a month ago, as import arrivals since the start of 1960 progressed sufficiently to cope with the swelling consumption. The March-end index was also 16.4% higher than the corresponding index a year ago. Of major raw materials, stocks were sufficiently replenished for steel scraps, coking coal, crude oil, industrial salt, raw cotton, wool and dissolving pulp.

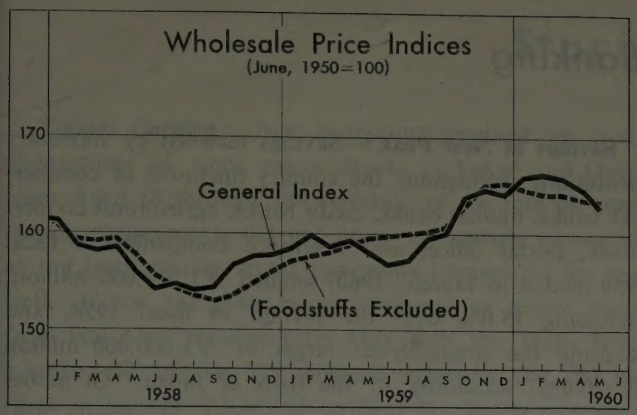
Foreign Trade :—Japan's exports and imports for April amounted to $349 million and $355 million, or down 11.2% and 18.4%, respectively, from the February figures, according to customs statistics. The April trade showings, however, were not particularly small in view of the fact that transactions in February through March were extraordinarily bulky. April figures were 19.0% larger in exports and 18.7% higher in imports over a year ago. The gains over a year ago were larger at 20.6% for exports and 36.4% for imports when the totals for the first four months are compared. On the list of major export items in April, steel ships registered a sharp decline and textile goods and iron and steel products also receded somewhat, while comfortable gains were registered by cement, chinaware, sewing machines and radio receiving sets. Raw materials and machinery led the list of gainers in April imports.

2. Foreign Trade Movements

(In million dollars)

	Exports		Imports	
	1959	1960	1959	1960
January	175	218	241	331
February	275	318	254	364
March	279	348	295	435
April	261	310	299	355

Note: Customs figures.
Source: Finance Ministry.


Wholesale Price Indices
(June, 1950=100)
170
160
150
General Index
(Foodstuffs Excluded)
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1958
1959
1960

Wholesale Prices:—Wholesale prices have continued soft since the start of calendar 1960, as production and imports have been increasing at a tempo faster than the gains in ultimate consumer demands at home and export shipments. The weekly wholesale price index of the Economic Planning Agency (June, 1950=100) in the first week of May stood at 162.7, registering a loss of 1.7% from the year-start and 2.3% below the corresponding index a year ago. Following the movement of wholesale prices by commodity group since the start of calendar 1960, it is noted that all groups with the lone exception of chemicals have continued weak, with foodstuffs, textiles, metals and building materials particularly bearish. In the absence of specific stimulants, no early wholesale price recovery is in prospect.

3. Weekly Wholesale Price Indices

(June. 1950=100)

	May 1st Week	Compared with April 1st Week	Compared with January 1st Week
Composite	162.7	⊖2.3	⊖1.7
Foodstuffs	161.2	⊖8.2	⊖3.4
Textiles	77.2	⊖0.9	⊖3.4
Fuels	169.5	⊕0.1	⊖0.5
Metals	238.2	⊖1.0	⊖1.4
Machinery	186.8	⊖0.1	⊖0.4
Bldg. materials	271.0	⊖0.2	⊖2.8
Chemicals	104.1	⊕0.1	⊕2.4
Sundries	148.0	⊖1.1	⊖0.8
Composite (exclusive of foodstuffs)	163.1	⊖0.5	⊖1.2
Prodcer Goods	171.0	⊖0.5	⊕1.2
Consumer Goods	147.8	⊖6.5	⊖3.0

Source: Economic Planning Agency.

Employment & Wage:—According to the Statistics Bureau of the Prime Minister's Office, the number of employed in March totalled 43,310,000, gaining 1,290,000 over a month ago, chiefly due to the seasonal increase in jobs offered in the agriculture and forestry sector, but partly because of the increment in employment in the manufacturing sector. Completely unemployed in March also increased 210,000 over February to 720,000, although the March figure was the lowest since 1955. Labor shortages have apparently continued evident in all industries except for collieries with skilled workers particularly in demand. Well reflective of the fair tone of the labor market, wages have been on the steady hike, with the per-worker monthly wage in the manufacturing sector in February up 7.3% over a year ago, accounting partly for the sound (15.0%) increase in department store sales throughout the country in March (as compared with a year ago). Equally sound have been the sales by retailers.

Equipments Investment:—Spending for plant-equipment investments under the fiscal 1960 equipment investment program by 913 major industrial companies will total ¥1,395,400 million, an increase of 38.0% over the actual expenditure in fiscal 1959, according to a survey by the Japan Development Bank. In the 1960 equipment investment program, spendings by petrochemicals and motors are expected to be especially energetic with appropriations likely to double the equivalent sums in fiscal 1959. Larger funds for equipments will also be earmarked by paper, pulp, chemical fibres, steel and electric power. Equipment investments in fiscal 1960 will be similarly active in 115,000 smaller enterprises (with the number of operatives from 10 to 300) with the spendings estimated to amount to ¥477,700 million or 39.0% larger than in fiscal 1959, according to the Small Business Finance Corporation.

Whether equipment investments of this bulky size may smoothly be realized is held generally problematic, as some experts believe that the full enforcement of the set equipment expansion plans will be difficult. It should be noted in this connection that equipment investment projects in Japan are largely financed with loans from external sources, and there is every possibility that the sharp increase in such investment spendings will be curbed by financial manipulations. According to a survey by the Bank of Japan, new loans extended by all banks throughout the country for financing equipment investment projects in 1959 totalled ¥490,100 million, registering a restricted increase of 17.1% over the accommodations in 1958. Although a further increase in such new loans for equipment investments to be extended by banks are expected likely, it is considered still difficult that the total requirements by enterprisers may sufficiently be met. What, then, are the possible economic effects of mounting equipment investments in 1960? New equipment investments are certain to give rise to new demands for goods and services, and plants specializing in machinery and raw materials will be made busier. As the nation's production capacity has been swiftly boosted, however, the balance of international payments is not expected to worsen due to the soaring of domestic prices and the swelling of import purchases. Imports of some specific items such as machinery are likely to make a sizable gain.

4. Equipment Investment Schedule

(In ¥100 million)

	Fiscal 1959* (A)	Fiscal 1960** (B)	(A)/(B) (%)
Manufacturing	533,196	822,557	154
Textiles	42,776	58,768	137
Paper, pulp	35,174	56,517	161
Chemicals	88,310	171,475	194
Petroleum refining	32,337	57,065	176
Iron, steel	154,044	204,425	133
Machinery	23,991	41,855	174
Electric machinery	52,994	72,154	136
Transportation machinery	41,864	72,692	174
Mining	36,143	45,128	125
Construction	9,148	7,988	87
Transportation, communication	105,831	129,260	122
Electricity, gas	310,770	357,495	115
Total	1,014,489	1,395,439	138

*Actual (partly estimated): **Planned.

Source: Japan Development Bank (Survey of Investment Programs of 914 Major Companies).

Money & Banking

With April marking the start of a new fiscal year in Japan, financial fund payments would generally increase and money would usually grow easier each year. In April, this year, the same pattern was followed with money becoming soft, Bank of Japan loans down and the call market growing steady. This was, however, only a temporary phenomenon. As the demand for funds is continuing active, money is bound to become gradually tighter.

Seasonal Easing :—The increase of the note issue in April reached ¥27,800 million, more than double the corresponding gain of ¥12,500 million in the like month a year ago and ahead of the originally-estimated hike of ¥25,000 million. As a result, the average increasing rate during April over a year ago stood at a high level of 15.7%, and the April-end balance of note issue was 17.6% higher than a year ago, only slightly behind the 1959 peak of 18.1% at the close of November, 1959. Responsible first for the active swelling of the note issue in April was a series of holidays toward the end of month through early May, giving rise to an additional demand for cash. With the economic keynote headed for expansion, the wage levels have been rising and employment has bulged with the resultant hike in the circulation of currency.

Financial Fund Payments :—The seasonal growth of the excess of financial fund payments over withdrawals accounted for the easing of money in April. Such an excess in April reached a huge total of ¥128,800 million, some ¥30,000 million larger than the payment excess a year ago at ¥98,600 million, chiefly because of the bulky amount of Treasury payments deferred from the preceding (1959) fiscal year. The Treasury's receipts of financial funds in April were notably active with the tax revenue during the month reaching ¥83,400 million, up 25.0% over a year ago, while sizable receipt excesses were also registered in the monopoly and special food control accounts. Payments by the Treasury, however, increased at a more active pace. In addition to large payments in the public works, highway construction and National Railways accounts (including bulky deferred payments brought over from the previous fiscal year), payments for the tax redistribution to local governments, accommodations by the Funds Trust Bureau and the foreign trade special account also made notable increases to lead to the marked growth of the payment excess by the Treasury. In these circumstances, funds were oversupplied on the money market in April, and Bank of Japan loans declined some ¥90,900 million to the month-end balance of ¥334,700 million.

Call Market Quiet :—The call market continued calm throughout April with the balance of available funds both in Tokyo and Osaka as of April 15, increasing to ¥330,000 million as compared with ¥238,600 million as of the end of March, although it declined to ¥294,800 million at the close of April. Call rates remained equally quiet, a striking contrast with the stiff tone retained in March.

Savings at New Peak :—Savings recieved by monetary institutions throughout the country (inclusive of commercial banks, mutual banks, credit banks, agricultural cooperatives, postal offices and insurance companies) in fiscal 1959 (ended in March, 1960) totalled ¥1,920,000 million, increasing 15.0% over the savings in fiscal 1958, and eclipsing the originally-set target of ¥1,600,000 million by 20.0%, according to the Bank of Japan. Of monetary institutions handling such savings in fiscal 1959, credit banks registered the largest gain by topping the original goal by 63.5% with mutual banks coming second with the gain 48.5% ahead of the goal and agricultural cooperatives also eclipsing the original mark by 45.8%. In contrast, the increase registered by commercial banks was rather restricted with the total only 10.9% ahead of the goal. The standstill of the gain of deposits with city banks was attributable to the active spell of investment operations which caused bulky withdrawals of bank deposits for industrial funds. On the other hand, the sharp increases of deposits with mutual banks, credit banks and agricultural cooperatives were well reflective of the steady growth of popular income which encouraged deposits for savings.

Increase of Deposits at All Monetary Institutions : Fiscal 1959

(In ¥100 million)

	Increase (A)	Increasing rate (%)	Target (B)	A/B	Outstanding balance at end of March
Commercial Banks	10,588 (10,324)	19.3 (23.1)	9,550 (9,000)	110.9 (147.5)	65,548 (54,960)
Agricultural Cooperatives	1,166 (691)	22.3 (21.4)	800 (700)	145.8 (98.7)	6,390 (5,225)
Mutual Banks	1,633 (1,220)	23.6 (21.4)	1,100 (950)	148.5 (128.4)	8,549 (6,916)
Credit Banks	1,635 (1,088)	28.2 (23.1)	1,000 (950)	163.5 (114.5)	7,427 (5,792)
Postal Savings	2,239 (1,915)	15.9 (15.7)	2,000 (2,000)	112.0 (95.8)	19,339 (14,100)
Life Insurance	1,434 (1,274)	22.4 (22.6)	1,200 (1,100)	119.5 (115.8)	7.893 (6,459)
Others	505 (348)	30.0 (26.1)	350 (300)	144.3 (116.0)	2,188 (1,683)
Total	19,200 (16,860)	20.2 (21.5)	16,000 (13,000)	120.0 (129.0)	114,335 (95,135)

Note: Fiscal 1958 figures parenthesized.

Meanwhile, the savings target for fiscal 1960 has been set at ¥2,000,000 million, or ¥400,000 larger than the fiscal 1959 goal, the size of which the attainment is considered not easy in view of the size of the prospective movement of funds.

Money in April

(In ¥100 million)

	April, 1960	April, 1959
Financial Funds	1,288	986
Short-term Bonds	3	△ 1
Bank of Japan Accounts	△ 1,013	△ 860
Loans	△ 909	△ 849
Note Issue Movement	278	125
Note Issue Balance	9,044	7,689

Note: △ denotes decreases.
Source: Compiled by *The Oriental Economist.*

Stock Market

Tighter Curbing:—New restrictions imposed on credit transactions of some major stocks in Tokyo and Osaka from April 18 through the elevation of the rate of stock margin requirements did not prove particularly successful, as the stock market stood apparently immune to the new step. Hence, the share prices continued to renew peaks from late April through early May with the Dow Jones average (old) of the 225 pivotals eclipsing the ¥1,100 mark to register ¥1,101.95 on May 2. In the new stock price advance, the so-called "international issues" like Mitsui Bussan, Tokyo-Shibaura Electric adn Matsushita Electric played a leading role.

One of the major stimulants was the arrival in Tokyo of a group of American financiers on May 8 to study investment potentials in Japan. With those American financiers scheduled to inspect key industrial plants, traders' attention naturally was drawn to their shares. With the outstanding balance of loans by the Japan Securities Finance Co. threatening to near the ¥30,000 million mark, the company announced another restrictive measure by increasing stock margin requirements from securities merchants. Japan Securities Finance has been setting certain individual frames on loans to securities merchants, but such frames have generally been eclipsed. As of April 19, the loan limits were exceeded by 20.0% or less by eight companies, by 20% to 30% by three companies, by 30% to 40% by 10 companies, by 40% to 50% by 11 companies, by 50% to 100% by 28 companies and by more than 100% by 22 companies. Thus, 82 out of 99 member securities companies of the Tokyo Securities Exchange were borrowing in excess of the set frames. The new system took effect as of May 9.

Heavy Fall:— The Dow Jones Average, which topped the ¥1,100 mark on May 2, was subjected to a heavy collapse of ¥25.24 or 2.3% on May 10, the sharpest so far this year. The decline which markedly affected the so-called "international issues" ironically came at the time shortly after a group of American financiers arrived in Tokyo and was getting ready to start concrete talks with Japanese counterparts on investment in Japan.

Considered chiefly responsible for the heavy collapse of stock prices were: 1) In expectation of the imminent liberalization of capital transactions, selective buying was extermely active for the so-called "international issues" since the start of the year, and the price hike was especially noteworthy for leading shares. The May 10 collapse came as a reactionary rectification; 2) With buying operations extremely heavy as compared with selling transactions, the collection of additional share margin requirements by Japan Securities Finance from May 10 forced smaller securities merchants to dwarf credit transactions; 3) The visiting group of American financiers in a series of conferences with Japanese financial leaders showed little interest in investment in stocks; 4) The suspension of export validations for transistor radio sets to be shipped to the United States and Canada by the Ministry of International Trade & Industry caused the sharp dive of ¥140.00 to the share of popular Sony Co., followed by the dullness of other electric machinery stocks; 5) The darkened outlook of the international political situation due to adverse developments like the stiff Soviet statement accusing the U.S. for the aerial spy case, and the political confusion in Japan over the U.S.-Japan security pact.

Close on the heels of the ¥25.24 decline on May 10, another sharp slip of ¥19.41 was registered on May 13 apparently as the correction of the excessively active elevation of the prices of the "international issues" since the start of the year.

The third (and the sharpest) collapse came on May 17 when the Dow Jones Average declined ¥36.74 (3.5%) to ¥1,030.36, the steeppest since the "Stalin" fall. The May 17 decline, however, was still modest, considering that the dive directly following the death of Stalin which was as acute as 9.99%. Meanwhile, the keynote of the nation's economic operations has so far shown no signs demanding special caution. The fiasco of the summit talks at Paris, the passage of the new Japan-U.S. security treaty through the House of Representatives by the "solo resolution" of the ruling Liberal-Democratic Party, and the aggravated political situation combine to make the prediction as to the future transition of share prices extremely difficult. According to present indications, however, the market will continue to be more sensitive to adverse factors than to stimulants.

Selective Buying for Minor Shares:—With the stock market thus subject to the process of rectification with the fall of the prices of scarcity stocks with the "international issues" at the helm, the prices of less important and minor shares began to recover gradually. In preference to scarcity shares excessively subject to credit buying operations, selective buying started for low-priced and minor shares with bright future prospects. Coming in support of this trend was the fair tone of business results by companies settling semi-annual terms in March. Such results are usually made public from late April through May. According to figures so far released, the income of 341 corporations with their shares listed with the Tokyo Securities Exchange for the half-year term ending March increased 17.3% over the preceding term ended September, 1959, and the profit also swelled 21.6%. Classified by industrial group, fatter earnings were reported by precision machines, textiles, electric power, shipbuilding,

commerce, cement, machinery, petroleum and rolling stock, while the earnings were down for land transportation, coal and paper. It is noted that the gaps in the income and earnings between the gainers and the losers were more notably widened in the March term, but the general results of industrial companies as a whole were encouragingly favorable. It is on the basis of the March-term showings of those companies that new selective buying operations have risen for medium-size and minor stocks on the market.

Transitions of Week-End Stock Prices

(Old Dow-Jones Average)

	March		April					May	
	19th	26th	2nd	9th	16th	23th	30th	7th	14th
Average of 225 Pivotals	1,017.48	1,038.48	1,071.92	1,073.26	1,067.11	1,088.12	1,091.21	1,109.47	1,065.67
Fisheries	154.63	158.00	162.27	173.35	165.66	168.24	175.93	184.46	175.06
Mining	340.55	348.19	340.11	352.47	340.11	336.61	338.56	356.31	352.47
Foodstuffs	2,403.46	2,398.12	2,373.36	2,336.55	2,312.45	2,361.55	2,372.23	2,382.51	2,312.45
Textiles	555.76	560.98	569.36	581.06	575.74	594.96	587.96	651.53	629.71
Paper, Pulp	697.98	714.28	704.37	700.32	695.36	699.49	687.17	746.20	715.86
Chemicals	494.39	500.72	535.21	575.57	586.26	603.32	613.69	639.72	626.80
Petroleum, Coal Products	2,420.53	2,439.23	2,704.89	2,622.50	2,625.21	2,641.08	2,699.56	2,787.29	2,909.46
Glass, Clay, Stone Products	2,309.57	2,306.48	2,314.76	2,308.19	2,315.58	2,311.50	2,269.66	2,322.98	2,170.46
Primary Metals	304.81	305.53	312.48	321.22	311.30	319.15	318.72	326.28	320.35
Machinery	930.96	969.58	1,041.89	1,080.00	1,044.84	1,095.84	1,144.37	1,127.63	1,041.33
Electric Machines, Tools	1,080.57	1,173.38	1,204.42	1,181.85	1,189.25	1,217.24	1,233.54	1,227.77	1,108.55
Transportation Machinery	599.40	624.49	662.33	674.70	666.62	693.11	694.83	698.71	675.72
Precision Machines	903.64	992.60	1,121.37	1,077.66	1,099.53	1,085.38	1,062.24	1,037.79	992.80
Other Manufactures	1,928.69	1,977.59	2,004.77	1,948.37	1,975.08	1,976.55	1,936.99	1,935.67	1,752.44
Commerce	2,020.23	2,074.25	2,230.43	2,178.79	2,147.35	2,198.99	2,200.73	2,192.57	2,078.29
Banking, Insurance	772.75	785.56	826.20	811.02	811.02	835.01	831.83	835.75	795.11
Real Estate	3,290.38	3,381.45	3,491.88	3,406.13	3,358.53	3,361.70	3,320.44	3,291.86	3,339.51
Land Transportation	698.59	691.73	683.06	674.66	662.91	657.82	653.15	654.72	657.38
Ocean Shipping	160.92	155.24	166.19	169.46	162.53	164.59	170.26	167.85	167.00
Warehousing	1,161.68	1,168.28	1,181.48	1,191.30	1,211.03	1,392.08	1,359.15	1,369.05	1,326.23
Electricity, Gas	223.86	224.38	215.07	218.78	220.22	220.74	221.27	227.14	223.86
Services	438 31	438.31	439.32	439.32	443.13	437.19	437.81	448.74	454.58

Note: Stocks listed with the Tokyo Securities Exchange.
Source: Tokyo Securities Exchange.

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A Century of America-Japan Trade

WITH the coming of Commodore Perry and the "black ships" of his East India Fleet in 1853, Japan was aroused from several centuries of seclusion, and was brought into contact with the markets of the world. Thus it was that Japan was enabled to develop her potential for production, while the motive was provided for the transformation of a medieval society into a modern state. Consequently, the arrival of Perry's "black ships" in Uraga a little more than a century ago was an event of tremendous historical significance.

In 1854, there was signed the Treaty of Kanagawa for friendship between the United States and Japan, while in 1858 there was signed the Treaty of Amity and Commerce between the two countries. This treaty was one of the pacts concluded with Russia, Great Britain, France, the Netherlands, and the United States, which provided for the opening to foreign trade of the ports of Kanagawa (now Yokohama), Nagasaki, Hakodate, Hyogo (now Kobe), and Niigata. In this way, Japan was placed in direct contact with the outside world.

Development of America-Japan Trade

In the early days of trading with foreign nations, which began in the years 1858 through 1860, the bulk of the transactions were with Great Britain, and business with the United States was relatively insignificant. Because accurate records are not available it is difficult to give exact details. But it is certain that in 1860 more than a half of the export and import trade was with the British. Only after 1880 did trade with the United States grow in any marked degree.

In the early days of the Meiji Era (1868-1912) the principal exports to the United States were tea and raw silk, while the main import items were petroleum, timepieces, machinery, and wheat. For example, of the $11,677,000-worth of exports to the United States in 1884, tea amounted to $4,980,000, and raw silk to $5,247,000, together making up some 90 percent of the total.

Great Britain was at first the biggest buyer of Japanese tea, but from around 1863 the United States began to be the principal market, and by 1871 some 90 percent of all tea exports was being shipped to America. The same trend was true also of raw silk, and from 1883 there was a rapid growth of silk sales to the United States. Nevertheless, there was not much increase in imports from that country, and only petroleum indicated notable volume which in 1884 stood at only $1,512,000-worth.

In connection with the key foreign policy problem of those days, the revision of unequal treaties, the United State Government was consistently sympathetic and friendly, and was positively interested in the revision of the treaties with the five powers concluded in 1858-60, which gave foreign nations extraterritorial rights in Japan as well as the privilege to maintain consular courts and to levy a 5 percent ad valorem tax on Japanese exports and imports. In 1894, not only did the United States lead all other powers in recognizing Japan's sole jurisdiction over its customs administration, but the new Treaty of Commerce and Navigation of that year provided for the abolition of extraterritorial rights and consular courts to lay the foundation for friendly relations between the two countries.

1. Transition of U.S.-Japan Trade

Year	Export ($1,000)	Import ($1,000)
1875	6,800	1,895
1880	10,908	2,418
1885	13,259	2,332
1890	16,277	5,646
1895	27,668	4,750
1900	25,941	30,973

Note: Ministry of Finance yen currency data converted to dollars at exchange rates of the time. Same for Tables 2, 3 and 4.

Japan's Industrial Revolution and U.S. Trade

In the two decades between the Sino-Japanese War of 1894-95 and the First World War of 1914-18, there occurred rapid development of Japan's industrial capabilities which resulted in notable growth of the economy. The period, with the Russo-Japanese War of 1904-05 marking the midpoint, was the era of Japan's industrial revolution.

Prior to the Sino-Japanese War, the only industries operating on a modern scale were silk reeling and cotton spinning. But from about the turn of the century there were established factories for paper-making, chemical fertilizer, hides and leather processing, sugar refining, hard and bast fibers processing, flour milling, beer brewing and bottling, shipbuilding, woolen fabrics weaving and knitting, and other manufacturing activities. Subsequent to the Russo-Japanese War there were built iron and steel plants and facilities for producing various kinds of machinery and equipment including rolling stock, firearms and industrial machinery. Japan about this time also began participation in world shipping, with European and San Francisco steamship services inaugurated in 1896.

With notable progress achieved in industrialization, there was a great spurt in trade between America and Japan. In the decade ended with 1914 exports to the United States increased by 4.4 times, while imports increased 8-fold. As compared to the level of twenty years before, in 1884, exports in 1914 were up 8.3 times, while imports were up 20.2 times. While there was not much change in the position of the United States in Japan's foreign trade, at about 30 percent of the total, the proportion taken up by imports from the United States began to rise from about 1900.

2. Transition of U.S.-Japan Trade

Year	Export ($1,000)	Import ($1,000)
1901	35,742	21,141
1902	39,996	24,252
1903	41,205	23,049
1904	49,775	28,570
1905	46,450	51,528
1906	62,352	34,625
1907	64,948	39,977
1908	60,389	38,430
1909	65,326	26,838
1910	71,190	27,098
1911	70,635	40,211
1912	83,578	62,924
1913	91,351	60,616
1914	96,973	44,786

By commodity, while tea tended to decline in volume after 1894-95, raw silk continued to maintain a position of importance; and this was instrumental in bringing about the development of Japanese sericulture and silk filatures. Among import commodities, there was a big increase in purchases of law cotton as well as of petroleum derivatives and wheat. Also, with the steady modernization of Japanese industry, there was a rise in the importation of machinery items.

U.S. Trade Between the Two World Wars

Since Japan, although a belligerent, was not very much involved in the fighting during World War I, the worldwide shortages created by the conflict acted as stimuli for Japan's industrial development, and it was during the war years that the start was seen of such modern industries as motor vehicle manufacture, electrical equipment and appliances production, and the making of various other types of machinery. The pattern of trade naturally underwent certain changes, with the European market dwindling in importance, while the United States and the Far East area (China, Manchuria, Korea and Taiwan) became the principal markets. By trade commodities, the predominance in export of raw materials and semi-finished goods tended to decline, and there was a notable increase in the sale of finished products. Conversely, in import purchases, there was a steady decline of finished products, and a surge in volume of semi-finished goods and raw materials. Following upon the trade slump resulting from the post-war world depression, there were notable gains registered in trade with the United States. Whereas in 1914 exports to the United States amounted to $96 million (33.2 percent of all exports), and imports from that country came to $45 million (16.2 percent of all imports), the figures for 1922 were $352 million in exports (44.8 percent of the total), and $286 million in imports (31.5 percent of the total). In 1929 exports to the United States amounted to $422 million-worth (42.5 percent of the total), while imports stood at $302 million (29.5 percent of the total). At this time, the principal items of export were raw silk, silk fabrics, tea, and chinaware and pottery, with raw silk invariably exceeding 60 percent of the total. With imports, raw cotton was the biggest single item, at from 30 to 50 percent of the total, while petroleum products, machinery and lumber were the other outstanding commodities.

3. Transition of U.S.-Japan Trade

Year	Export ($ million)	Import ($ million)
1915	100	50
1916	171	102
1917	242	182
1918	273	322
1919	420	389
1920	281	435
1921	239	277
1922	352	286
1923	296	251
1924	314	282
1925	404	267
1926	397	313
1927	395	319
1928	385	291
1929	422	302
1930	250	219

The Great Depression which began in 1929 brought about a temporary lull in Japan's trade activities. But subsequent to the departure from the gold standard, and the adoption of a managed currency, there was a big surge of abnormal proportions in export trade. The business depression in the United States, which had been of catastrophic magnitude until the advent of President Franklin D. Roosevelt's New Deal, resulted in various protectionist actions, such as the raising of tariff barriers, which came as a severe blow to Japanese exports to America. Whereas in 1929, export sales to the United States made up 42.5 percent of the total, there was a subsequent decline to only 20 percent. However, with imports from the United States, the transformation of Japan's industrial pattern, from predominance of light industries to the growth of the heavy and chemical industries, resulted in bigger purchases, in addition to raw cotton, of such items as scrap iron, aluminum ingot, copper ingot, petroleum derivatives, motor vehicles, machine tools, and many others. In consequence there was a big increase in importation and the creation of a unfavorable balance of trade.

In 1931 there occurred the Manchurian Incident, while in 1937 hostilities broke out in China. With diplomatic relations becoming extremely strained, the Treaty of Commerce and Navigation between the United States and Japan was abrogated in 1939, and the economic sanctions applied against Japan were greatly strengthened.

In 1940 Japan entered into the Tripartite Pact with Hitler's Germany and Mussolini's Italy, and in 1941 war broke out in the Pacific to shatter all trade and other relations with the United States.

4. Transition of U.S.-Japan Trade

Year	Export ($ million)	Import ($ milllon)
1931	208	168
1932	125	143
1933	124	157
1934	118	227
1935	153	231
1936	172	245
1937	184	366
1938	121	261
1939	166	259
1940	133	291
1941	65	134

Prewar (1934-36) Pattern of U.S.-Japan Trade

The pattern of Japan's foreign trade in the most normal period of the prewar era (1934-36) was generally as follows:

1) From the Far East area (Manchuria, China, Korea, and Taiwan) came such foodstuff and industrial raw materials as rice, sugar, soybean, iron ore and coal, and raw cotton; while to these markets there were exported consumer goods such as textile goods as well as capital goods such as steel products.

2) From the United States came such items as raw cotton, petroleum products, steel scrap, and other industrial materials; while to the American market went raw silk, farm and marine produce, and sundry goods, with raw silk at about 60 percent of the total.

3) From the Southeast Asia area came raw cotton, copra, crude rubber, petroleum, iron ore, hides, jute and other fibers, and other industrial materials; while this area was an important market for Japanese textile goods.

The three areas mentioned above constituted 80 percent of Japan's overseas markets, and trade followed a relatively stable and smooth course.

Table 5 shows the pattern of trade of the 1934-36 period, and it will be seen that 18 percent of all exports went to China, 17 percent to Korea, and 16 percent to the United States. These three areas, then constituted the most important markets for Japan's export trade. With import purchases, the United States ranked first with 25 percent of the total; Korea second, with 14 percent; and China likewise furnishing 14 percent. However, with total volume of trade, covering both imports and exports, the United States ranked uppermost in Japanese overseas business.

5. Position of United States in Japan's Foreign Trade, 1934-36

(In $ million)

Export			Import		
1. China	170	18.2%	1. U.S.	235	24.6%
2. Korea	157	16.8	2. Korea	134	14.1
3. U.S.	148	15.9	3. China	102	10.7
4. India	75	8.0	4. India	94	9.8
5. Taiwan	60	6.4	5. Taiwan	89	8.9
6. Indonesia	42	4.4	6. Australia	59	6.2
7. U.K.	36	3.9	7. Germany	33	3.5
total	928	100.0%	total	951	100.0

Source: Ministry of International Trade and Industry

Seen from the United States side, the position of Japan in the trade pattern was of no small magnitude. For instance, in 1937, of the total export volume of $ 3,349 million, sales to Japan came to $ 298 million (8.6 percent), a level ranking third after the $ 536 million to the United Kingdom, and the $ 509 million to Canada, and higher than the $ 165 million to France, and the $ 126 million to Germany. Of the total importation into the United States that year, in the amount of $ 3,084 million, purchases from Japan came to $ 204 million (6.6 percent of the total), next only to the $ 398 million from Canada, and more than the $ 203 million from the United Kingdom, the $ 92 million for Germany, and the $ 76 million from France.

Pattern of Trade by Commodities

During the period of prewar stability the biggest items of import and export respectively were raw cotton and raw silk. The details are given below.

With exports to the United States, 88 percent of all the raw silk exported went to the America market, and earned for Japan $ 87.7 million each year. This single item therefore made up 59 percent of all sales to the United States. Next in ranking came chinaware and pottery at $ 3.3 million; toys at $ 3 million; cotton fabrics at $ 2.3 million; silk fabrics at $ 1.8 million; and tea at $ 1.3 million. The amounts involved are small, but these items were the more important ones apart from raw silk.

As for imports from the United States at that time, raw cotton at $ 110.7 million constituted 47 percent of all purchases, while petroleum products at $ 22.7 million ranked second. Purchase of steel scrap was at a level of $ 16.1 million, followed by copper ingot, at $ 9.2 million; lumber at $ 7.5 million; machinery at $ 7.1 million; and rayon pulp at $ 5.3 million.

6. Commodity Pattern of U.S.-Japan Trade, 1934-36

(In $ 1,000)

Exports			Imports		
Item	Value	Vs. Total this Item	Item	Value	Vs. Total this Item
1. Raw Silk	87,733	87.5%	1. Raw Cotton	110,753	49.2%
2. Ceramics	4,336	36.2	2. Petroleum	22,741	73.7
3. Canned Fish	3,390	27.4	3. Steel Scrap	16,154	72.3
4. Toys	3,007	35.5	4. Copper Ingot	9,205	98.4
5. Cotton Fabrics	2,391	1.5	5. Lumber	7,542	55.9
6. Silk Fabrics	1,894	8.7	6. Machinery	7,103	49.8
7. Tea	1,397	44.4	7. Rayon Pulp	5,341	46.9

Source: Ministry of International Trade and Industry

U.S. Japan Trade After World War II

Cease-fire came on August 15, 1945, but the damage sustained by Japan's economy as a result of the conflict was of staggering proportions. 45 percent of Japan's territory was lost, while on this reduced area there occurred a crowding in of repartriates from overseas to swell, in the period of some two years, the population by more than 6 million. The wealth destroyed in the area remaining to the Japanese was incalculable. In addition to the direct damage resulting from air raids and naval gunfire, there was the indirect loss due to lack of maintenance repairs, dispersion of industrial activities, scrapping of equipment, and other dislocations. Consequently, the loss sustained by the economy of Japan Proper is roughly estimated to be 41.4 percent of the previously existing wealth. If the loss overseas assets and territories is included, the figure would be astronomical.

Rehabilitation and reconstruction of the economy, then, was undertaken with this situation as the starting point. Consequently, for the first few years the progress made in reconstruction as well as in recovery of foreign trade was extremely slow. But what saved the Japanese at this time from certain starvation, and made it possible for them to tackle the tremendous job of reconstruction, was the aid extended by the United States Government. With U.S. Government aid taking the forms of the GARIOA

156
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(Government Appropriation for Relief in Occupied Area) and EROA (Economic Rehabilitation in Occupied Area) funds, there was, as will be seen in Table 7, poured into Japan as much as $ 535 million-worth of food and other supplies in the peak year of 1949. All in all, during the six years of aid from the United States, from 1945 through 1951, there was received $ 2,100 million in material aid. Consequently, in the immediate postwar years, the position of the United States in Japan's overseas trade was overwhelmingly high.

7. U.S. Aid to and Offshore Procurement in Japan
(In $ million)

Aid to Japan		Offshore Procurement in Japan	
Year	Amount	Year	Amount
*1946	193		
1947	404		
1948	461		
1949	535		
1950	361	1950	149
1951	180	1951	592
		1952	824
		1953	810
		1954	596
		1955	557
		1956	595
		1957	549
		1958	482
		1959	471

* Including Sept.-Dec. period, 1945.
Sources: MITI, Bank of Japan

On June 25, 1950, North Korea began its attack on the Republic of Korea across the 38th Parallel, and this resulted in the Korean War. The supplies urgently needed for the troops in Korea were procured on an emergency basis in Japan, and this led to the system of "offshore" procurement by the United States Government of goods and services in Japan. The dollar payments received for these "special" procurements went far to improve Japan's precarious balance of international payments; and it is estimated that during the period 1950 through 1959 the amount received by Japan aggregated $ 5,600 million, with the payments of 1952 and 1953 exceeding the $ 800 million level. The "offshore" procurement of the United States Government was instrumental in bringing about the final achievement of Japan's economic recovery, and also in making it possible for Japan's industry to undertake the technological transformation which is now serving as the basis for the remarkable industrial development of recent years.

While in 1947, immediately after the surrender, exports to the United States amounted to only $ 20 million, by 1950 the level was up to $ 179 million, and in 1955 a volume of $ 449 million was achieved. Since 1958, with consumer spending booming in the United States, and with the quality of Japanese products becoming increasingly attractive, intensive marketing and the edge provided by relatively lower labor cost resulted in notably bigger sale of Japanese goods in the United States market. Thus, in 1958 exports to the United States amouted to $ 680 million, while in 1959 there was an unexpected jump to $ 1,031 million.

8. Postwar Trade with the United States
(In $ million)

Year	Export		Import		Balance
	Amount	Vs. Total	Amount	Vs. Total	
1947	20	11.5%	484	91.9%	△ 464
1948	66	25.4	441	64.4	△ 375
1949	67	13.1	569	62.8	△ 502
1950	179	21.3	418	42.9	△ 239
1951	184	13.5	695	34.8	△ 511
1952	229	17.9	768	37.8	△ 539
1953	227	17.7	756	31.4	△ 531
1954	277	16.9	847	35.2	△ 570
1955	449	22.3	772	31.2	△ 323
1956	543	21.7	1,064	32.9	△ 521
1957	597	20.8	1,618	37.7	△1,021
1958	680	23.8	1,054	34.7	△ 374
1959	1,031	29.8	1,113	30.9	△ 82

Note: Percentages are as against total export or import.
Source: Finance Ministry

With imports from the United States after the war, because there were large shipments of aid supplies, the volume was high at $ 484 million as early as 1947. Even after the termination of United States aid to Japan, the growth of industrial production resulted in higher requirements for raw material as well as for new equipment necessitated by the technological transformation, and there was no decline of the level of importation. In 1956, the $ 1,000 million level was topped with $ 1,064 million-worth purchases in the United States, and with an "overheating" of the economy caused later by the Suez crisis there was in 1957 the so-called *Jimmu* boom which boosted buying from the United States to the record level of $ 1,618 million, to cause a trade deficit of $ 1,021 million. This brought about a curbing of credit available for import purchases; so declines in volume were seen in 1958 and 1959.

According to the Foreign Exchange Statistics of the Bank of Japan, whereas, in 1959, the foreign exchange received on exports to the United States amounted to $ 1,065 million, the payments for purchases from that country totalled $ 952 million, resulting in a favorable exchange balance of $ 112 million. This was the first time since the war that a favorable balance of trade with the United States was achieved; and this event is noted by business circles as a milestone in the progress of Japan's economy.

Changes in Markets and Commodity Pattern

Because of the phenomenal growth of export sales to the United States the position of that country in Japan's overseas trade has been notably enhanced. In 1959, exports to the United States constituted 29.8 percent of all exports, while imports made up 30.9 percent of the total. These are far higher percentages than those prevailing in the prewar days of 1934-36, and they go to show how closer have become the trade and economic relations between Japan and the United States. For not only has the United States as seen from the Japanese side become more important as a business partner, but seen from the American side Japan is an increasingly more important market as well as a supplier. While in 1949 exports to Japan from the United States stood at $ 937 million, second in rank after the $ 3,727 million-worth to Canada, and bigger than the $ 884 million to the United Kingdom or the $ 749 million to West Germany, imports from Japan, at $ 1,035 million, came third after the $ 3,042 million from Canada, and the $ 1,037 million from the United Kingdom, making up 6.8 percent of all United States imports.

When Japan's foreign trade of 1959 is seen on the basis of countries, the United States was the biggest customer, taking 29.8 percent of the total sales, while second in rank was Liberia, at 6 percent. The biggest supplier of commodities likewise was the United States, furnishing 30.9 percent of all purchases, while second-ranking Australia made up only 8.1 percent of the total.

9. Position of the United States in Japan's Foreign Trade, 1959

(In $ million)

Export			Import		
Total	3,456	100%	Total	3,599	100%
1. U.S.	1,031	29.8%	1. U.S.	1,113	30.9%
2. Liberia	209	6.0	2. Australia	293	8.1
3. Hong Kong	129	3.7	3. Malaya	166	4.6
4. Canada	114	3.3	4. Canada	154	4.2
5. Philippines	110	3.1	5. Philippines	134	3.7
6. Thailand	103	2.9	6. Kuwait	131	3.6
7. U.K.	103	2.9	7. Saudi Arabia	127	3.5

Source: Finance Ministry

One of the reasons for the predominance of the United States in Japan's foreign trade is the vast change that has occurred in market conditions since the war. The Far East market has virtually disappeared. For example, in 1959, exports to Korea came to only 1.8 percent of the total; to Taiwan, only 2.5 percent; and to Communist China, only 0.1 percent. Imports from these areas were: Republic of Korea, 0.3 percent of the total; Taiwan, 1.9 percent; and communist China, 0.4 percent. This is a far cry from the prewar years when Japan had a virtual monopoly on trade with these areas, either by right of possession or by military force. Former Japanese territory has changed in status to that of independent nations, while in the case of China, a new and not altogether friendly communist regime is now in power. Not only have exports dwindled sharply, but imports from these areas have declined notably. Whereas, before the war, practically all of Japan's requirements in imported rice were met by Korea and Taiwan, these areas no longar have large surpluses, and supply must be sought in other countries of Southeast Asia. While Taiwan formerly supplied Japan with about 90 percent of her sugar requirements, now only 30 to 40 percent of Japan's imported sugar comes from Taiwan, the balance being brought in from Cuba or Indonesia. From the Chinese mainland there were, before the war, big purchases of soybean, coal (both 70 percent of all imports of these items), and iron ore (30 percent). These have now dwindled to 10 percent or thereabouts for soybean, and to neglible quantities in the case of coal and iron ore.

This, needless to say, has increased enormously the importance of the United States and Southeast Asia as markets and as sources of supply, and the growth of trade with the United States has been particularly significant. In import commodities, whereas before the war the only notable items were wheat and petroleum products, there has been a big surge in the quantities bought of industrial raw materials such as iron ore and coal, and of farm produce such as rice, wheat, and soybean. On the export side, whereas in prewar days the main item was raw silk, the decline of the silk requirements has in large measure been offset by such machinery items as sewing machines, cameras and transister radios, and by such goods as steel products, marine produce, clothing, and plywood. Table 10 gives a listing of the principal items of import and export; and it will be noted that no single item of either import or export is as outstanding as the raw silk and raw cotton of the prewar era. Whereas machinery items make up 12.8 percent of the total exports, and 21.2 percent of the imports, a vast difference exists in that the export items comprise such consumer items as transistor radios and cameras, while the import items are mainly machine tools and industrial equipment needed for the innovations undertaken by Japanese industry in recent years.

10. Pattern of Trade with United States, 1959

Exports			Imports		
Item	Amount ($ million)	Vs. Total this Item (%)	Item	Amount ($ million)	Vs. Total this Item (%)
1. Machinery	132	16.3	1. Machinery	235	66.9
2. Clothing	112	54.0	2. Steel Scrap	110	53.9
3. Iron & Steel	74	29.5	3. Soybean	90	93.7
4. Marine Produce	73	41.1	4. Raw Cotton	82	23.1
5. Metal Products	61	71.3	5. Coal	67	75.4
6. Plywood	55	60.0	6. Wheat	58	36.0
7. Toys	46	81.2	7. Petroleum	56	12.2
8. Silk Fabrics	41	58.7	8. Beef Fat	22	80.7

Source: Finance Ministry

U.S.-Japan Capital Transactions

Prewar Investment Ties

THE development of modern industry in Japan began around 1890, and made rapid progress in connection with such major historical events as the Russo-Japanese War (1904-05) and the First World War (1914-18). In this industrialization of Japan an outstanding role was played by the United States, already an advanced manufacturing nation among the great powers, not only as a supplier of trade commodities, but also in the area of capital transactions. It is a matter of historical record that United States investment in Japan took two major forms: 1) direct investment in industry (in such sectors as electrical equipment and appliances, motor vehicles, and petroleum); and 2) absorption by the United States securities market of Japanese government and industrial bonds. A review of the direct form of investment will first be attempted.

Direct Investments

The precursors of United States investment in Japan were the American trading houses that early established themselves in Yokohama, Kobe and other "open" ports for business, mainly in the silk and tea trade. Later, however, the policy of the Japanese Government in the Meiji Era (1868–1912) shifted to protection and development of Japanese commercial firms, and from about 1890 to World War I, there was a steady take-over of the foreign trade business by Japanese organizations, while investment by United States interests in Japanese industry became increasingly active.

In the early days of the Meiji Era, residence and business activities of foreigners were restricted to specially designated "settlement" areas, while there was a strong tendency on the part of official as well as private circles to oppose participation by foreign interests in Japanese industry and business. Consequently, at the initial stage of Japan's economic relations with the outside world, all foreign investment was limited to the area of trade.

However, subsequent to the Sino-Japanese War (1894-95) there occurred a feverish rush to industrialize the economy,

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and the lack of local venture capital was sharply felt. Moreover, in 1898, Japan had formally adopted the gold standard, while in 1899 the segregation of foreign residents was terminated, with actions taken to promote investment in Japan by foreign interests. Consequently, from about the end of the 19th Century there began a steady flow of foreign investment in Japanese industry. It can be said that the bulk of the investment was by United States interests.

For example, in 1899 there was established the Nippon Electric Company by Western Electric. In 1900, the joint-venture Standard Oil Company of Japan began oilwell development activities; while, in 1905, there was a tie-up between General Electric Company and the biggest incandescent lamp manufacturer in Japan to from the Tokyo Electric Company. General Electric, in 1910, entered into partnership with Shibaura Engineering Works, the biggest electrical equipment and appliances manufacturer of that time (a Mitsui interest); and it is interesting to note that much later Tokyo Electric and Shibaura Engineering merged to form the present Tokyo Shibaura Electric Company (Toshiba).

After World War I, direct investment in Japanese industry by American interests became even more active. In 1918, Libbey-Owens and Sumitomo Goshi (Sumitomo parent company) together formed the Nippon Sheet Glass Company. In 1920, Western Electric injected capital and technology into Sumitomo Wire and Cable Company, to make this company the biggest of its kind in Japan. In 1923, there was effected a tie-up between Mitsubishi Electric Company and Westinghouse Electric International. Ford Motor Company, in 1924, set up a Japanese subsidiary to operate an assembly plant in Yokohama, while in the following year General Motors followed suit with a Chevrolet plant in Osaka. Nippon Victor Company was established in 1927 for production of phonographs and records, and in 1932, the Toyo Otis Elevator Company was jointly formed by Otis Elevator and Mitsui Bussan Co. In the same year, there was established the Japan National Cash Register Company, a subsidiary of National Cash Register.

The above are but some examples of United States participation in Japanese industry through joint ventures and independent investment in such fields as electrical equipment and appliances, motor vehicles, petroleum, glass, and talking machines.

The Japanese enterprises that went into partnership with United States interests were those controlled by such *zaibatsu* as Mitsui, Iwasaki (Mitsubishi) and Sumitomo; and since in most cases the influx of capital was accompained by technology such investment in Japan did much to boost the level of Japanese engineering knowhow, and to speed up the process of industrialization.

Indirect Investment

The bulk of the United States investment in Japan prior to World War II was in the form of indirect financing of enterprise through government and public bonds, and through corporate debentures. In terms of historical periods, there was considerable sale of Japanese government bonds during the decade between the Russo-Japanese War and World War I. Then from World War I up to the Manchuria Incident (1931) the sale of Japanese corporate debentures in the United States was fairly high.

Japanese government bonds (face value, £500) were marketed for the first time in the United States in 1904 in

order to finance the war with Russia. Several subsequent bond issues were floated in New York as part of the £800 million in overseas bond sales to cover the cost of the fighting, and about half of the amount was raised in the United States. After the Russo-Japanese War, the cities of Tokyo and Osaka issued several series of municipal bonds for sale in foreign money markets to finance various public utilities and services, and Wall Street again figured as an important source of capital.

The Great Earthquake and Fire of 1923 came as a heavy blow to the Japanese economy, already in deep trouble because of the post-war slump in business. The government, in order to obtain financing for relief and reconstruction, offered bonds in the London and New York markets. The stricken cities of Tokyo and Yokohama also issued municipal reconstruction bonds for sale in these markets (1926—1927).

In the years after the First World War, there was, apart from the Kanto disaster relief and reconstruction issue, virtually no new government borrowing through bond issues in foreign money markets; and there appeared, instead, offerings of corporate debentures, this time in dollar denomination rather than pound sterling which had been customary before. Foreign borrowings by Japanese enterprises since 1912 totalled as much as ¥686 million (¥100 being worth about $ 50 in those days), and of these about 80 percent were dollar bonds. Although part of these comprised South Manchuria Railway Company and Toyo Takushoku K.K. (overseas development) bonds for colonial enterprise expansion, 75 percent of the total was made up of corporate debenture issues of Tokyo Electric and other power companies for financing the huge power generation and distribution facilities constructed to meet the growing requirements of the post-earthquake era. Without such long-term credit from London, New York and other foreign sources it would have been difficult to achieve build-up of power facilities in so short a time. In other words, it was on the strength of financing furnished for the most part by the United States that Japan's power industry grew fast enough to stay ahead of the big industrial expansion of the thirties.

As already explained, indirect investment in Japan by United States interests began at about the time of the Russo-Japanese War, at first through the London market. However, after the First World War, direct connections were developed with Wall Street, while totalled there was a shift from government and public bonds to corporate debentures. Foreign borrowings at the end of 1929 totalled some $ 444 million, of which $ 221 million were in government bonds, $ 39 million in municipal and other public bonds, and $ 184 in corporate debentures. The bulk of the government bonds outstanding were those issued for servicing and redemption of old issues, so new borrowing was mainly in the form of corporate debentures. Since it is estimated that direct investments in Japan by United States interests totalled some $ 74 million at the end of 1929, the direct and indirect together came to some $ 518 million, of which an estimated $ 86 million was in the form of indirect investment in Japanese industry.

Postwar Investment Ties

In 1931, there occurred the flare-up of the Manchuria Incident, and with Japan steadily becoming isolated from international affairs, there were no government bond offerings in foreign markets after 1930, while the last prewar issue of corporate debenture of foreign denomination took place in 1931. For the ensuing fifteen years, Japan remained completely isolated from the world money markets; and it took the defeat in World War II to bring about a new phase of the economic relations between the United States and Japan.

After Japan's surrender, the nation was placed under the military occupation of the Allied Powers, with the United States in the key role. Consequently, the economic situation in the United States began to affect Japan far more deeply and strongly than before the war. Needless to say, the defeat and surrender did not immediately restore private capital transactions between the two countries. The Japanese economy had been shattered by the war and defeat. Social tensions were great, while the undercurrent of hostility between the United States and Soviet Union made it necessary to keep Japan under strong United States control until stability could be regained. Under the circumstances, in the early post-surrender years, the capital transactions between the United States and Japan were mainly in the form of government-to-government aid, estimated at some $ 2,000 million, from the GARIOA and EROA funds until 1951, and later, after 1954, on the basis of the Mutual Security Act.

Induction of foreign private capital began from about 1950, after the post-surrender confusion had been straightened out, and reconstruction had made considerable headway. With strong ties established with the United States economy as a result of military occupation, and with Europe still in the process of recovery from the ravages of war, it was only natural that the bulk of foreign capital came from America. However, the investments by United States interests in postwar Japan have been rather different from those of prewar times. In 1950 there was enacted the Law Concerning Foreign Investment, designed to promote as well as to regulate private investments in Japan. The forms of investment by foreign interests are of such categories as technological assistance, stock acquisition, corporate bonds and beneficiary certificates purchase, and direct loans. To date, investment in the form of corporate bonds and beneficiary certificates purchase has been of neligible proportions, and the bulk has been in technological assistance, corporate stock purchase, and straight monetary loans, with technological assistance and straight credit looming high in importance. This is true also of postwar investment by United States interests.

1. Transition of United States Investment in Japan

(In $1,000)

Fiscal Year	Technological Assistance Contract		Corporate Stock Purchases	Corporate Stock Acquisition for Participation in Management		Monetary Loans			
	U.S.	Total	Total	U.S.	Total		U.S.		Total
1949—51	15	21	3,824	2,295	2,572	(1)	26	(1)	26
1951—52	65	92	13,332	9,171	11,645	(7)	3,792	(9)	3,999
1952—53	98	42	9,778	2,455	7,166	(8)	32,665	(9)	34,457
1953—54	71	102	4,308	2,265	2,687	(5)	8,961	(10)	49,362
1954—55	56	80	3,989	2,284	2,467	(6)	14,381	(9)	15,265
1955—56	51	78	4,298	1,934	2,309	(12)	32,242	(19)	47,054
1956—57	89	148	9,435	3,936	5,360	(13)	44,728	(16)	93,651
1957—58	61	118	12,105	5,882	7,282	(13)	94,638	(17)	123,979
1958—59	67	94	10,923	3,161	3,617	(19)	65,473	(26)	231,473
1959—60	27	51	11,961	7,195	7,195	(3)	31,415	(4)	38,415
1st Half, 1959—60	600	946	83,954	40,578	52,301	(87)	328,321	(120)	637,681

Notes: 1. The bulk of Corporate Stock Purchases, other than for participation in management, is by United States investors
2. Parenthesized figures under Monetary Loans indicate number of separate loans

Source: Exchange Control Bureau, Bank of Japan

Technological Assistance

Contracts for technological assistance cover purchase or use for a fee for technology or knowhow in the possession of foreign interests. In other words, intangible assets are brought in for the production say of television sets or streptomycin by payment of royalty for use of patents or for engineering assistance and guidance. When such con-

tracts run for more than a year, or when royalty payments must be made for a period in excess of one year, official validation of the arrangement must be obtained from the government. Technological assistance contracts generally follow the trend of investment in plant and equipment, and at the end of March 1960 the cumulative total of contracts validated stood at 1,023. The major portions of these contracts are with United States interests. At September 30, 1959, of total of 946 contracts validated, 600 or so were with United States businesses or individuals, far more than with such countries as the United Kingdom, West Germany, and Switzerland. The industry most interested in technological assistance contracts in telecommunication equipment manufacturing, while manufacturing in general is the field wherein such contracts are most numerous.

The products of the electronics industry—television tubes, teletype equipment, radar, thermionic tubes, transistors, & etc.—are made in Japan thanks to the induction of foreign technology; and in this particular area more than 90 percent of the knowhow comes from United States sources such as RCA. In the electical equipment and appliances industry such items as waterwheels, turbo generators, boilers, gas turbines, transformers, and rectifiers have for the most part been manufactured under license from American interests, and typical of technological assistance in connection with power equipment are the designs made available for the manufacture of modern high-performance thermal generating equipment, particularly high-capacity, high-pressure boilers.

Next to the electronics industry, technological assistance contracts are most numerous in the chemicals sector, particularly in connection with petrochemicals and fertilizer manufacturing which have made impressive strides as a new industrial activity since the war. In the petroleum refining field, United States knowhow for the production of high-octane and aviation gasoline and high-grade lubricants has done much to increase the efficiency of Japan's growing refinery capacity. In the iron and steel industry, United States technology for cold strip rolling and continuous tinplating and galvanizing equipment as well as for electric (silicon) steel, electric furnace operation, and steel container manufacturing has been extremely valuable. Great success has attended the use of American Techniques in the production of acryl-based filament such as nylon and tetoron.

Corporate Stock Acquisition and Loans to Industry.

According to a survey made by the Ministry of Finance, purchases of Japanese corporate stock by foreigners up to March 31, 1950 totalled about $ 100 million-worth. By far the greatest proportion of these acquisitions was by United States nationals, including corporations. Very little of the shares involved were purchased in the securities market, the bulk being acquisitions to enable participation in management of enterprises operating in Japan. As often as not, such stock acquisition for participation in managemment was in payment for technology furnished.

More recently, however, there has been an increase in market purchases of Japanese shares: whereas in fiscal 1957-58 such purchases mounted to $ 3 million-worth, the level went up to $ 5 million in fiscal 1958-59, while in the first half of fiscal 1959-60 foreign investor purchases stood at $ 6 million.

Investment in the form of stockholdiugs to be highly concentrated in petroleum refining, while the percentage of foreign holdings is high in such sectors as rubber products, nonferrous metals, electrical equipment and appliances, and kiln products, with not less than 1 percent of the shares outstanding made out in the names of foreign nationals.

2. Stockholdings by Foreigners in Manufacturing
(percentage of total)

Classification	Foreign Holdings
Food Products	0.18%
Textiles	0.34
Cotton Spinning	0.33
Paper and Pulp	0.13
Chemicals	0.60
Fertilizer	0.29
Chemical Fibers	1.00
Petroleum	24.53
Rubber Products	15.67
Stone, Clay, Glass	1.46
Iron and Steel	0.31
Non-Ferrous Metals	9.14
Machinery	0.06
Electrical Equipment and Appliances	3.72
Transportation Equipment	0.33
Shipbuilding	0.35
Instruments and Gauges	2.69

Note: Companies listed at the Stock Exchanges, and non-listed corporations with capital of more than ¥50 million. Percentage of foreign-held shares.
Source: Finance Ministry survey of 1958-59

Foreign loans made available to Japanese industry since the enactment of the Law Concerning Foreign Investment up to March 31, 1960 mounted to a cumulative total of $ 727 million. These, apart from the credit extended by the World Bank, were mainly from American sources. At year-end 1959, of the cumulative total of $ 680 million, $ 303 million came from the World Bank, $ 151 million came from the Export-Import Bank of Washington D.C., and $ 86 million came from American commercial banks. The main recipients of such loans are the electric power companies, followed by iron and steel operators and petroleum refineries.

Future of U.S.-Japan Investment Ties

With preparations under way since last autumn for receiving a visit of a survey party of prominent investment bankers from the United States, the date of the trip was definitely set for May 8 through May 18. The tour is on invitation of the Government and Corporate Bonds Underwriters' Association, the Federation of Economic Organizations, and the Japan Chamber of Commerce and Industry. The United States party comprises some twenty experts from investment firms, institutional investors such as life insurance companies, and the World Bank, who are being accorded an opportunity to take a first-hand look at the situation in Japan.

Visit to Japan of U.S. Investment Survey Group

At the U.S. Japan round-tables discussion sponsored by Business International in November last year, it became clear that American businessmen are keenly interested in investment possibilities in Japan; and to the Japanese participants at the conference, the enthusiasm expressed by the Americans was quite an eye-opener. Subsequently, there were visits to Japan by representatives of such investment bankers as Kidder-Peabody, Smith-Burnay, and Dillon-Read, and the recent coming of the survey group marks the high point of the swelling wave of interest in investment in Japan.

On the Japanese side, the Ministry of Finance, which had for some time been studying the ways and means of easing the tight restrictions on foreign investment activities, announced its provisional policy prior to the arrival of the American survey group. The actions for relaxation of control are summarized below.

1) Restriction of Corporate Stock Acquisitions. To date, when stock acquisition is conditional upon repatriation of dividends and principal, validation of purchase is done by the Bank of Japan as agent for the government, and foreign ownership cannot exceed 8 percent (5 percent in the case of such restrcited enterprises as electric power)

of the shares outstanding. It is now planned to increase the limit to 15 percent (10 percet for the restricted enterprises).

2) Restriction of Repatriation of Principal. In the event of liquidation of holdings in Japan, the current restrictions on repatriation of the proceeds in foreign exchange are: no remittance for two years after acquisition, and remittance in installments over a five year period. The new plan is to reduce the remittance period to three years.

3) Restriction of Corporate Bonds. Currently, all purchases of corporate debentures must be approved by the Foreign Investment Commission. It is planned to delegate the Bank of Japan to rule on small purchases of less than $10,000 each, and to permit some repatriation of principal even before maturity is reached.

4) Standards for Approval of Impact Loans. To date, the criteria for approval of impact loans have been: a. loans supplementing fiscal investment and loans; b. repayment in not less than five years; and c. interest not in excess of that charged by the World Bank. The new plan is to permit loan acceptance by enterprises other than those provided with fiscal aid, and to apply more flexibility to small loans which heretofore had not been considered.

With growing interest among United States businessmen in Japanese investment possibilities, and with the easing of restrictions planned by the government, it can be said that with just a decade elapsed since the enactment of the Foreign Investment Law a new phase is being opened up.

Expectations at Cross-Purposes

Nevertheless, it must be noted that, in connection with the move to promote more United States investment in Japan, there exists certain subtle differences between United States and Japanese interests in their thinking and expectations. In very general terms, Japanese businesses are aiming to obtain funds from the United States at cheap rates, through corporate bond issues and other borrowings in order to strengthen their own position. American interests, on the other hand, are attracted by the low cost of labor and the rapid growth rate of the economy, and are aiming at high profit through direct investment and participation in management. Because of this difference in approach and objectives, it is expected that the form of capital induction from the United States will be affected in no little way.

Last spring, the Japanese Government offered for the first time since the war Japanese government bonds in the New York market, and since year-end 1959, there has been a surge of hope among the bigger Japanese corporations in connection with debenture sales in the United States. While the government is planning during fiscal 1960-61 to float in New York some $50 million-worth of Japan Development Bank and Japan Telephone and Telegraph corporation bonds, the iron and steel operators, the electric power companies, and the gas companies too are eagerly preparing to sell corporate debentures in the United States. Because loans from the World Bank are indicating a tendency to taper off, the big enterprises, particularly in the utilities category, are looking for a low-cost source of funds with which to finance their facilities improvement and expansion.

However, long-term credit in the United States is steadily becoming costlier, and the interest payable by the issuers of debentures is rapidly approaching the level prevailing in the domestic money market. Consequently, the low-interest advantage is fading. The same can be said about World Bank credit.

Conversely, the average American investor, apart from the investment houses with a direct interest in sales, is not attracted in any marked way by securities yielding a fixed interest. If investment is encouraged by the expected growth of the Japanese economy, the American investor would much prefer profit-sharing debentures or convertible bonds. This fact was pointed out by the investment banking experts visiting Japan, and they were unanimous in recommending drastic easing of the restrictions now imposed. However, profit-sharing corporate bonds are rare even in the United States, while convertible bonds harbor problems of stock ownership and control. Consequently, it is unlikely that Japanese companies will make any rapid move in this direction. Another thing is that foreign enterprises that have had any success in debenture sales in the United States have been only the biggest and best known corporations such as Italy's Montecatini and the Netherland's Royal Dutch Airline. Under such circumstances, the debenture sales evisioned by Japanese "big business" are not likely to materialize in a short while without any difficulty. Rather, what is more promising in the immediate future are the impact loans granted by United States banks for machinery and equipment purchases. Japanese shipping firms have heretofore utilized such loans for construction of bottoms, and there is a move to obtain credit for the financing of ore-carriers. If the negotiations now being carried out by Kobe Steel to obtain a loan from an American life insurance company culminate in success, there are certain to be others seeking to develop this source of financing.

As already explained, the interest shown by American business circles in investment possibilities in Japan appears to be in the area of direct investment. The attraction of Japan lies in cheap labor, high economic growth rate, and political stability. Also, with technological proficiency at the present level, there is a diminution of the possiblity of earning royalties from second-hand technology and knowhow. The American industrialist, if he is to export new techniques to Japan, desires some assurance of continued profit that such knowhow can be expected to yield.

Consequently, the trend in recent years has been to avoid piecemeal sale of technology; and the thinking is that if knowhow is to be furnished there should be some degree of control over management. Du Pont, for instance, which has kept out of technological tie-ups with Japanese business, is now going ahead with Showa Denko K.K. toward formation of a joint-venture operation for synthetic rubber manufacturing. This is one indication of the desire to keep a finger in the management. The tie-ups between Corn Products and Ajinomoto; Toyo Can and an American firm for production of glucose; and Oronide and Japan Petrochemical for synthetic detergent are but a few of the joint ventures now in the planning stage.

Another aspect that cannot be overlooked is the activity indicated by yen currency joint ventures, with no dollar remittances involved, and by wholly U.S.-owned enterprises in Japan. These are being established and operated in anticipation of ultimate decontrol of foreign exchange transactions as well as for the securing of the Japanese market. An example of yen currency joint ventures is Toyo Continental (carbon black) jointly formed by Continental Carbon and Toyo Koatsu, while wholly-owned United States operations are those like Ampex Japan for manufacture of video tape recorders.

Small Businesses Face Sqeeeze

Capital induction from the United States is entering

upon a new phase with high activity indicated by such joint ventures as have been mentioned above. This new era, of course, has its problems. The principal ones will be discussed briefly below.

1) Previously, there was pointed out that excessive competition was rife in connection with moves to obtain technological assistance from abroad. This tendency has by no means disappeared, and there is quite a race developing in connection with corporate debenture sales in foreign markets. This competition is resulting in worsening of the terms of issue to the detriment of the corporations seeking funds.

2) In those areas with a large number of medium and small operations the creation of joint ventures or the advent of wholly foreign-owned establishments tends to create friction with the existing domestic operations. This has been true in the case of the glucose plant. Moreover, with yen currency investment there is no regulation by means of the Foreign Investment Law, so the problems can become complicated.

3) There prevails the view in some quarters that even should stock-holding by American interests increase in relative size, there is seldom any inclination to exercise control. Nevertheless, there is a vast difference between the United States and Japan in scale of business operations. The Ministry of International Trade & Industry states that on the average, Japanese enterprise is only one-tenth the size of the American. Consequently, when there occurs a drastic easing of capital transactions it will not be difficult for the United States interest to exercise all the control it deems necessary. However, whether control by foreign interests is good or bad is beside the point.

3. Stock Acquisition by U.S. Interests for Participation in Management

Japanese Company	U.S. Stockholder	Ratio of Holding
Mitsubishi Electric Company, Ltd.	Westinghouse Electric International Co.	4.0%
Sumitomo Denko K.K.	International Standard Electric Corp.	12.9
Furukawa Denchi K.K.	Could National Batteries Inc.	4.0
Ray-O-Vac Company (Japan) Ltd.	The Electric Storage Battery Company	43.3
Tokyo Shibaura Electric Co., Ltd.	International General Electric Co.	7.16
Nippon Electric Co., Ltd.	International Standard Electric Corp.	22.3
Shin Nippon Denki K.K.	Sylvania Electric Products Inc.	10.0
Toyo Kokukogyo K.K.	Fletcher Aviation Corp.	10.0
Japan National Cash Register Co.	Carrier Corp.	70.0
Toyo Carrier Company	The National Cash Register Co.	7.50
Tokyo Keiki K.K.	Sperry Rand Corp.	25.0
Sanki Kogyo K.K.	Dorr Oliver Corp.	10.0
Tokyo Koku Keiki K.K.	Link Aviation Inc	10.0
Shinko Pfaudler K.K.	The Pfaudler Company	35.0
Furukawa Aluminium K.K.	Aluminium Co. of America	33.3
Nippon Geon K.K.	The B.F. Goodrich Chemical Company	35.0
Nippon Reichhold Kagaku Kogyo K.K.	Reichhold Chemical Inc.	45.0
Toyo Ink Seizo K.K.	International Corp.	23.0
Monsanto Kasei K.K.	Monsanto Chemical Company	50.0
Asahi Dow K.K.	The Dow Chemical International Ltd.	50.0
Nippon Lederle K.K.	American Cyanamid Company	50,0
Tokyo Yuki Kagaku K.K.	Room & Hoas Company	47.5
Mitsubishi Vonnel K.K.	The Chemistrand Corp.	33.0
Tokai Kagaku K.K.	Food Machinery and Chemical Corp.	25.0
Naigai Amimono K.K.	Julius Kayser Co., Ltd.	15.0
Katakura Hudson Kutsushita K.K.	Hudson Hosiery Company	32.0
Towa Nenryo Kogyo K.K.	Standard Vacuum Oil Company	55.0
Koa Sekiyu K.K.	Caltex Oil Products Company	50.0
Mitsubishi Sekiyu K.K.	Tidewater Oil Company	50.0
Nippon Sekiyu Seisei K.K.	California Texas Corp.	50.0
Yokohama Rubber Company, Ltd.	The B.F. Goodrich Company	35.0
Chiyoda Kikai Seika K.K.	International Shoe Corp.	2.6
Ishikawajima Koering K.K.	Koering Company	25.0
Nippon Sheet Glass Company	Libbey-Owens-Ford Glass Company	14.0
Asahi Fiberglass K.K.	Owens-Corning Fiber-Glass Corp.	47.5
Nippon Koku Seibi K.K.	Northwest Airlines Inc.	14.7
Nippon Koku Seibi K.K.	Trans Ocean Airlines	14.5
Mitsui Bussan K.K.	C.A. England & Company	1.29

Notes: 1. As of September 1959
2. Selected from companies capitalized at more than ¥100 million
3. Bulk of joint ventures listed involve technology

Production Spiral in Fiscal 1959

JAPAN's industrial output in fiscal 1959-60 was 29.3 percent higher than in the preceding fiscal year, indicating a rate of gain higher even than the 24.1 percent of fiscal 1956-57, the year of the "Jimmu" boom. Should production continue to grow at this rapid pace, the balance of payments barrier will sooner or later be encountered, and deflationery fiscal action will again become necessary. Too rapid a growth of the economy harbors the seeds of trouble, so the basic trend of production hereafter is a matter of paramount interest.

Highest Growth Rate Since Fiscal 1952-53

By the new production index, adjusted for seasonal factors, the mining and manufacturing level of March 1960, with the average monthly level of 1955 used as the base of 100, stood at 215.9, only 0.6 percent lower than the level of February. This slowdown of growth was viewed with considerable relief by those given to concern over "overheating" of business activity, particularly since the gains registered by production in January and February, as against the levels of the preceding month, were notably big at 4.6 and 2.9 percent respectively.

However, the overall gain of production during fiscal 1959-60 (ended March 31, 1960) was 29.3 percent over the level of fiscal 1958-59, far in excess of the original expectations. The adjusted index for March 1960 was 34.2 percent higher than that of March 1959.

According to the government's economic forecast announced in January 1959, the expected growth of production during fiscal 1959-60 was estimated at 6.1 percent. This figure was later corrected to 13 percent, while in January 1960 the predicted growth for the fiscal year was set at 27 percent.

In any event, the actual increase was close on five times the predicted amount, the biggest gain since that of fiscal 1952-53 at the close of the postwar reconstruction period, and considerably bigger than the rise by 24.1 percent in fiscal 1956-57, the year of the highest business activity in the history of Japan up to that time.

Because of this unexpectedly rapid growth of production in fiscal 1959-60, the actual economic growth rate (growth of gross national product) probably will be around 15 percent as against the original prediction of 5.5 percent or thereabouts.

What Does the 0.6 Percent Decline in Rate of March Signify?

It cannot be denied that the growth of production during fiscal 1959-60 was phenomenal. There is, however, quite a diversity of views in connection with the 0.6 percent drop of the production index in March 1960.

Those who insist that a turning point has been reached advance the following arguments:

1) In the normal course of events, the growth of production tends to level off from around January; but this year there was a lag of a couple of months, and March can be considered the turning point where production has shifted from a sharp to a less accentuated uptrend.

2) In March last year the production index dropped by as much as 2 percent; but this was due to such obvious causes as the decline in production of coal due to a strike. In February and March this year, there was no particularly

exceptional change in the situation. Yet there appeared a decline in output by 0.6 percent (mining production up 7.6 percent over February, manufacturing down 1 percent). This is indicative of a shift in the basic trend of production.

The majority opinion, however, opposes the above interpretation. Most experts hold that the basic trend remains strong, and that there is considerable risk in hazarding an opinion on the basis of the early figures for March. Their reasons are as follows:

1) The slight decline of production in March was in reaction to the big gains registered in January and February, and therefore a temporary lull.

2) This year being a leap year, there were 29 days in February, and the higher level of production achieved on the strength of this extra day, affected the month to month comparison of index levels, making it appear that the gain in March was negative.

3) The coverage of the early figures tends to be narrow. For instance, the preliminary report for February indicated a gain, over January, of only 0.4 percent whereas the confirmed figure was 1.5 percent (by the old method of seasonal factor adjustment). Consequently, although the production level of March has been initially reported as 0.6 percent below that of February, there is every likelihood that the final results will indicate a gain of around 1 percent.

4) Another questionable point is the seasonal factor adjustment. The reason for revision of the seasonal index was that under the old method the rise in March of food products output (mainly due to outshipments of newly brewed *sake*, Japanese rice wine) tended to bring the production index for March considerably below actual as a result of overcorrection. The new seasonal index is intended to eliminate this anomaly, but there is some doubt that the trouble has been fully eliminated.

5) Another problem relating to the production index is the manner of applying weighting to the various segments of industry. The current index is based on the year 1955, and therefore the industrial pattern of that time underlies the formula for weighting. For instance, the weighting applied to investment goods under the special classification of indices is 20 as against the total of 100. This would be too small considering the growth in recent years of investment in plant and equipment. Consequently, there is the possibility that the statistics tend to indicate a lower level of production than what is being actually achieved.

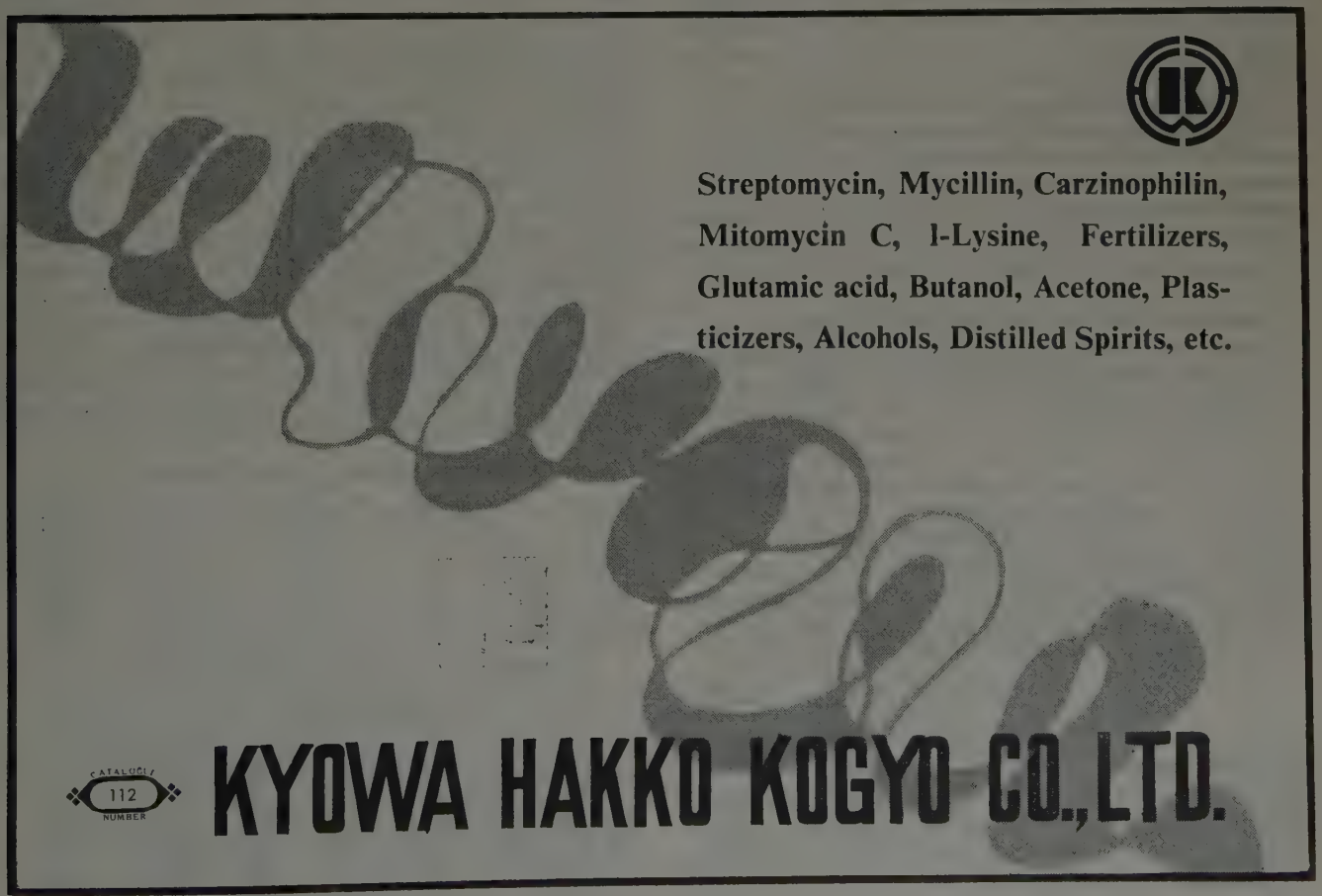
It is therefore contended that the figures showing a slight decline of output in March do not necessarily represent the true situation, and that basically the tendency toward expansion remains unweakened. It is further argued that instead of making judgements on the basis of the results for March alone, it would be far better to rely upon statistical data covering a longer period, say January through March.

1. Transition of Mining and Manufacturing Production

Month, Year	Vs. Same Month of Preceding Year	Vs. Preceding Month, After Seasonal Adjustment (New Method)	Vs. Preceding Month, After Seasonal Adjustment (Old Method)
September, 1959	(+) 29.8%	(+) 2.2%	(+) 2.2%
October	(+) 28.5	(+) 0.8	(+) 0.6
November	(+) 31.6	(+) 2.9	(+) 2.2
December	(+) 32.2	(+) 2.2	(+) 2.3
January, 1960	(+) 31.8	(+) 4.6	(+) 3.7
February	(+) 33.2	(+) 2.9	(+) 1.5
March	(+) 34.2	(-) 0.6	(-) 2.8

Notable Increase in Production of Investment Goods

When the production trends are reviewed by each quarter year, it will be seen that in the quarter ended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with March last the average level of production (index adjusted for seasonal factors) was 8.9 percent higher than that of the preceding quarter (ended December 1959). This gain is even greater than the previous record growth of 8.1 percent achieved during the April through June quarter of 1959. This, certainly, is evidence of a strong basic tendency toward growth. Let us look a little further into the details.

As against the level of the preceding quarter, production in the first quarter of 1960 of non-ferrous metals was up 12.3 percent, while for machinery the gain was 11.4 percent. Production of textiles was higher by 8.4 percent; chemicals, by 6.5 percent; and iron and steel, slowing down somewhat, by 4.7 percent (as against the 8.8 percent gain registered in the preceding quarter).

2. Rates of Gain or Decline of Production, as Against Level of Preceding Quarter

(Percentages, adjusted for seasonal factors)

	Jan.-Mar., 1959	Apr.-June., 1959	July.-Sept., 1959	Oct.-Dec., 1959	Jan.-Mar., 1960
Mining and Manufacturing	6.3	8.1	7.5	5.5	8.9
(Mining)	▵ 6.8	6.1	1.8	▵ 2.5	2.8
(Manufacturing)	7.2	8.2	7.8	6.0	9.3
Iron & Steel	8.4	9.5	11.2	8.8	4.7
Non-Ferrous Metals	10.7	9.9	3.1	4.9	12.3
Machinery	9.8	14.8	11.1	8.4	11.4
Chemicals	2.5	7.1	4.4	2.2	6.5
Paper, Pulp	13.7	3.7	6.1	4.0	4.5
Textiles	7.8	4.1	5.9	3.8	8.4
Investment Goods	4.9	7.5	9.2	9.5	11.7
Capital Goods	4.1	10.5	10.4	12.2	11.0
Construction Materials	6.6	1.0	6.2	2.8	13.7
Consumption Goods	5.1	8.8	8.3	2.0	5.2
Durable Items	16.4	15.8	14.2	5.9	5.5
Non-Durable Items	0.3	5.4	5.1	0.9	5.3
Production Goods	7.5	8.2	6.5	3.6	8.9

Note: ▵ denotes decline.

In Table 2, which gives the special classification of production indices, it will be seen that the growth of investment goods production has been notable, while production goods also continue to be turned out briskly. With consumer items, on the other hand, the climb indicated until about the July through September quarter of 1959 has tended to weaken.

The strides made by non-ferrous metals and machinery, the increases in output of investment goods, and the recovery of producers' items in the special classification all indicate increase in investment in plant and equipment during the past year or so. In other words, investment in equipment is stimulating the demands of related industries, and is contributing toward the growth of production.

Machinery and Iron and Steel Show Annual Gains

When the growth of production in the various segments of industry during the past fiscal year is reviewed, top ranking goes to machinery with a gain of 49.9 percent over the level of fiscal 1958-59, followed by iron and steel at 37.4 percent; rubber, at 36.2 percent; non-ferrous metals, at 32.8 percent; petroleum and coal products, at 32.1 percent; and paper and pulp, at 25.9 percent. As will be seen in Table 3, the growth of petroleum and coal derivatives production was particularly notable during the second half of fiscal 1959-60, while machinery production continued good in the second half, with a gain of 20 percent over the level of the preceding half. However, the production of such items as iron and steel, and chemicals tended to level off in the second half, while in the case of hides and leather there was a drop of 4.7 percent as against the level of the first half.

3. Production by Industry in Fiscal 1959-60

(Gain or decline in percentages, adjusted for seasonal factors)

	Vs. fiscal 1958-59	1st Half 1959-60 Vs. Preceding Half-Year	2nd Half 1959-60 Vs. 1st. Half
Mining	(+) 2.3	(−) 1.4	(+) 4.4
Iron & Steel	(+) 37.4	(+) 25.0	(+) 13.0
Non-Ferrous Metals	(+) 32.8	(+) 18.2	(+) 12.2
Machinery	(+) 49.9	(+) 27.3	(+) 20.0
Chemicals	(+) 18.5	(+) 16.4	(+) 2.6
Petroleum & Coal Products	(+) 32.1	(+) 11.0	(+) 25.1
Rubber Products	(+) 36.2	(+) 20.1	(+) 14.3
Hides & Leather	(+) 6.2	(+) 4.4	(−) 4.7
Paper & Pulp	(+) 25.9	(+) 14.2	(+) 9.1
Textiles	(+) 21.6	(+) 12.2	(+) 10.3

Production Trend of April-September Quarter Strong

How then do things look in the future? The key point in connection with any prediction will be the trend of investment in plant and equipment, which played a major role in the production growth of the January through March quarter.

According to a survey conducted by the Economic Planning Agency of corporate enterprise appropriations for capital outlays as of February 1960, and also on the basis of the Ministry of International Trade and Industry survey of industrial planning for investment in equipment during fiscal 1960-61 (as of January 1960), it is anticipated that investment in plant and equipment will continue to increase. According to the EPA survey the outlays budgeted for the first half of fiscal 1960-61 are bigger by 7.3 percent than the amount spent on capital equipment during the second half of fiscal 1959-60; 21 percent bigger according to the MITI report.

It can be expected, therefore, that the increased investment in equipment will result in bigger production of investment goods; and that so long as investment in equipment proceeds as planned the basic trend of production will remain strongly toward growth.

Naturally, disparities appear when each segment of industry is examined in detail. In iron and steel, for instance, while both production and deliveries are on a steady uptrend, the growth of production is greater than that of sales so there is bound to be a steady increase in inventories; and this is borne out by the fact that wholesale prices have been softening since last autumn. With textiles too, while production is continuing to grow, deliveries have levelled off and are now marking time; and inventories are mounting to cause a crumbling of prices.

On the other hand, with non-ferrous metals, for instance, increase in deliveries is leading expansion of production; so stocks are tight, and prices are firm. Although in the case of machinery there are so many sectors of dissimilar items than it is extremely difficult to assess the general trend, it can be said that while both production and sales are proceeding briskly there is a noticeable swelling of inventories, particularly in electrical equipment and appliances, which is causing a mark-time of prices of quite a number of products. In this area, the disparities among sectors are becoming increasingly notable.

4. Production, Inventories, and Wholesale Prices

Month, year	Mining & Manufacturing Production (1955=100)	Deliveries (1955=100)	Product Inventories (1955=100)	Wholesale Prices (June 20, 1950=100)
January, 1958	143.3	134.9	157.6	161.2
July, 1958	144.2	136.3	148.6	154.7
January, 1959	159.7	151.9	152.9	158.8
July, 1959	183.1	169.9	148.1	157.3
January, 1960	211.1	190.6	167.1	165.9
March, 1960	215.9	—	—	166.0

5. Transition of Production, Special Classification

(1955=100)

	Investment Goods		Consumption Goods		Production Goods
	Capital Items	Construction Materials	Durable Goods	Non-Durable Goods	
1st Half, 1958-59	195.3	126.3	254.9	119.1	132.3
2nd Half, 1958-59	205.8	135.5	339.8	135.2	143.5
1st Half, 1959-60	250.8	146.3	443.3	128.6	166.7
2nd Half, 1959-60	303.2	164.2	526.6	155.7	185.5
Fiscal 1958-59(A)	200.6	130.9	297.4	127.2	137.9
Fiscal 1959-60 (B)	277.0	155.3	485.0	142.2	176.1
A/B (%)	138.1	118.6	163.1	111.8	127.7

Views & Topics

Free Trade and Machine Tool Industry

By Shigeo Ogata

THE machine tool industry of Japan cannot possibly go against the world trend toward liberalization of trade. In view of the special position of the machinery industry, however, it is hoped that the Government will adopt flexible policies, while the industry will, doubtless, make due preparations to meet the changing situation.

The Drawback is Production of Wide Variety in Small Lots

In the four business cycles that have occurred since 1951, it was only twice—in the boom of 1957 and in the more recent wave of prosperity—that the machine tool industry was able to absorb the benefits of the business uptrend. However, while under the boom conditions of recent months some segments of industry are failing to show remarkable growth, the machine tool industry has, despite the long postwar depression of more than a decade, undergone considerable constitutional improvement thanks to the technological transformation of Japanese industry in recent years.

Although production is as yet far below the peak level achieved in 1943, with units produced at 55 percent and total tonnage at only 20 percent of the wartime high, the steady progress made in recent years is viewed with great relief in as much as the machine tool industry has always been considered to be the Achilles' heel of Japan's industrial structure.

Nevertheless, when the situation is reviewed in more detail the fact is revealed that prosperity now enjoyed by the industry is in large measure due to the protection accorded by the foreign exchange quota system which virtually bars the importation of machine tools from elsewhere, much to the inconvenience of machine tool users.

As for the internal structure of the machine tool industry, the production in small lots of a wide variety of units, however useful it might have been to offset the ravaging effects of recessive business cycles, can by no means be considered an efficient system; and although government policy for industrial development may be responsible in part for this lack of progress, there is considerable justification for the criticism that the industry has tended to be pampered by protection against the inroads of foreign products.

More recently, with the world trend definitely toward liberalization of trade and foreign exchange, the situation has become such that the industry can no longer continue thinking in terms of protectionism and maintenance of the status quo. At the same time, it is obvious that as it now stands, the industry cannot possibly withstand a rapid shift toward decontrol; and in consequence, in the recommendations of the Policies Research Association in connection with liberalization of trade, the decontrol of importation of machine tools is placed under item (4) in the third and final stage of liberalization.

It will be seen that, to undertake liberalization, the machine tool industry itself will have to proceed rapidly in the establishment of a self-regulating structure, while simultaneously there will be the need for various government measures to aid this reorganization.

Since the arguments in favor of decontrol began to be heard, and particularly since deliveries to customers began to be delayed, there were strong requests made by certain quarters in favor of importation of machine tools from foreign manufacturers. Needless to say, the matter hinges directly upon the adoption of a better approach to the growth of the Japanese economy while conforming to the new tides of the world economy, which may or may not be in line with the theoretical recommendations for the liberalization of world trade.

For the benefit of those who tend toward impatience with anything running counter to decontrol, there will be reviewed below the general nature of the machinery industry of Japan including the machine tool industry.

High Rate of Employment and Capital Turnover

The manufacture of machinerries and appliances, in the area of heavy and chemical industries calling for high concentration of capital, tends toward production of commodities requiring a large amount of labor. The industry's physical employment coefficient, according to the Industrial White Paper of the Ministry of International Trade and Industry, stands at 1.383 (see Table 1), that is to say there are 1.383 workers on the average for every ¥ million-worth of product, This is the highest rate among the heavy and chemical industries, and is higher than that of many a light industry. The higher the physical employment coefficient, the higher the capacity for absorbing manpower.

This fact is borne out by the figures shown in Table 2 which indicate that during the seven years ending 1958 all manufacturing operations with more than 30 workers increased in total their workforce by 1,316,493 persons. 38 per cent of this increase, 503,509 workers, was due to higher employment by the machinery and appliance manufacturers.

1. Physical Employment Coefficients of Key Indusries

(worker/¥ million-worth of product)

Machinery and Appliances	1.383
Transportation Equipment (rolling stock and shipbuilding)	0.894
Iron and Steel	0.162
Basic Chemicals	0.644
Chemical Products	0.339
Stone, Clay, Glass	1.730
Cotton Spinning	0.419
Textile Goods	0.652

Source: MITI "Industrial White Paper"

2. Increases in Manufacturing Employment

(operations with more than 30 workers)

	1951(A)	1958(B)	(B)−(A)	%Increase
Iron and Steel	208,397	276,590	68,193	5.2
Metal Products	83,209	182,730	99,521	7.6
Machinery	656,825	1,160,334	503,509	38.2
Chemicals	292,580	338,633	46,053	3.5
Processed Foods	146,526	303,298	156,772	11.9
Textiles	667,031	705,623	38,592	3.0
Totals	2,790,202	4,106,695	1,316,493	100.0

Source: MITI Industrial Statistics

With the machinery and appliance segment of manufacturing providing jobs for more than a third of the new workers taken into manufacturing operations, it will be realized how important this area must be in consideration of the fact that the general trend of the heavy

and chemical industries is toward decline of job opportunities, while there is a definite tendency toward a surplus of manpower in Japan.

Next let us look into the capital turnover in terms of the tangible fixed assets productivity coefficient (see Table 3). The figures are 1.7 for machinery and appliance in general, 1.7 for electrical equipment and appliance and 1.6 for transportation equipment. These are the highest among all manufacturing operations. The tangible fixed assets productivity coefficient is obtained by dividing the per-capita value added by the value of tangible fixed assets per capita. The value added per capita in the machinery and appliance industry is by no means on the high side; much higher performance is indicated by chemicals and iron and steel. On the other hand, as the value of fixed assets per capita tends to be low, the productivity of capital is remarkably high.

With both the physical employment coefficient and the fixed assets productivity coefficient at a high level, the machinery and appliance industry is particularly suited by nature to operate in countries such as Japan which are short in natural resources but fairly well supplied with manpower. Consequently, the growth of the machinery and appliance industry is of special significance in the development of Japan's industrial structure.

3. Tangible Fixed Assets Productivity Coefficients

(1954-57 averages, operations capitalized at more than ¥10 million)

	Value Added(A) per Capita (¥1,000)	Fixed Assets(B) per Capita (¥1,000)	Productivity Coefficient (A/B)
Manufacturing	676	636	1.1
Textiles (Excl. Cotton Spinning)	403	448	0.9
Cotton Spinning	455	589	0.8
Paper and allied products	898	1,242	0.7
Chemicals (Excl. Chemical Fertilizer)	861	710	1.2
Chemical Fertilizer	673	955	0.7
Stone, Clay, Glass	1,014	958	1.1
Iron & Steel	742	1,065	0.7
Machinery and Appliances	604	367	1.7
Electrical Equipment	683	407	1.7
Transportation Equipment (Excl. ships)	652	403	1.6
Ships	352	406	0.9

Source: Corporate Enterprise Statistical Annual

System of Concentrated Production Necessary

When the general structure of the machinery and appliance industry of Japan is compared with that of other countries, the results are as shown in Table 4. Whereas Japan's electrical equipment and appliance industry and precision equipment manufacturing show development comparable to that of the United States and West Germany, there is remarkable backwardness in the area of general machinery and appliance.

This area, needless to say, is the source of equipment for industrial plants, while machine tools are the means for production of machinery and equipment. Consequently, machine tool production constitutes the skeletal structure of the entire machinery and appliance industry, particularly in regard to its self-support.

Backwardness in general machinery and appliances is due, for one thing, to the fact that much of Japan's industry has developed on the basis of technology imported from the rest of the world, with transplantation of production facilities occurring with high frequency. In the past it often happened that when establishing factories the machines used were imported ready for immediate use. While this tended to save time and effort, the tendency still remains to depend on importation of production equipment, particularly when items involved are general machinery and equipment including machine tools and industrial equipment. According to Ministry of Finance and Ministry of International Trade and Industry statistics, dependence on imports of machine tools during 1958 and 1959 was of the following order:

	Classification of Machine Tools					
Year	Lathes	Milling Machines	Boring Machines	Drilling Machines	Gear-Cutting Machines	Grinding Machines
1958	24%	41%	62%	4%	52%	53%
1959	15	31	47	1	49	33

Consequently, should decontrol of importation be undertaken with any speed there is the likelihood that this tendency toward high dependence on foreign machine tools will be further accentuated. This would mean that the Japanese machine tool manufacturers, already handicapped by the narrowness of the domestic market, will run into fierce competition from imported machine tools. This would cause a weakening of the base upon which technological advances for better self-sufficiency are currently being planned.

In contrast to the machinery and appliances in the capital equipment category, such machinery and appliances as transistor radios and cameras, which are consumer items, appear to be entirely capable of competing in the world market even should decontrol be effected.

If, without due preparation, steps were taken to decontrol importation of general machinery and equipment, not only would there occur a general relative shrinkage of the basic machinery operations, but the move would be toward giving emphasis to the light industrial operations aspect of Japan's machinery and appliance industry. Such steps, it is feared, might also make the machinery industry of Japan less viable in a sense that the heavy machinery industry becomes subordinate to the light machinery industry. The "Economic White Paper" of the Economic Planning Agency touches upon this problem in the following manner:

"It is in the natural order of things that the metal industry and the machinery and appliance industry, which constitutes its main market, should in both the technological and marketing aspects develop harmoniously together since they are interdependent. Today, with Japan's metal production at a proportionately high level, even by international standards (Japan, 19 percent; United States, 15 percent), it will perhaps be wise to plan on advancement of the industrial structure with the machinery and appliance industry as the main axis."

Consequently, the most important thing at this juncture will be to undertake positive achievement of rationalization as well as improvement of technology for the early establishment of a self-sufficient structure, particularly in the areas of machine tools and industrial machinery which constitute the basic capital equipment for self-support of Japanese industry. As for the approach, it will be necessary as suggested below for the industry to come to some agreement in the area of production and to undertake concentrated manufacture of specific items by more specialized operators. Industrial regroupings on the basis of financial

4. Structures of the Japanese, U.S., and West German Machinery and Appliances Industry

(value added percentages of total)

	Japan	United States	West Germany
General Machinery & Appliances	6.4	10.0	11.5
Electrical Machinery & Appliances	5.2	6.0	7.1
Transportation Equipment	5.7	12.7	5.6
Precision Machinery	1.2	11.7	1.7
All Manufacturing	100.0	100.0	100.0

Notes: General Machinery and Appliances includes machine tools, metal working machinery, mining and civil engineering transportation equipment, and other industrial machinery.

Sources: Japan—MITI statistics
U.S.—Annual Survey of Manufactures
West Germany—Statistisches Jahrbuch
year. '1955 for each country

affiliations is also suggested, while the government will be obliged to undertake a series of coordinated industrial promotion and regulation measures on the basis of a cohesive policy.

Decontrol Counter-Measures by the Industry

It is a widely recognized fact that the machine tool industry was forced in the postwar era to undertake small lot, variety production due to extreme narrowing of the market for machine tools. The adverse effects on profitability of this diversification of products and limited quantity were also noted. Consequently, the industry has from time to time attempted voluntary specialization, but because of the fear on the part of the individual manufacturers of lack of flexibility during times of recession, nothing concrete has been achieved to date.

Nevertheless, there have been localized changes of bigger than expected proportions as a result of the expanded demands since the wave of prosperity of 1957, and "rationalization" has progressed at a fair rate. Particularly, since autumn 1959 when talk of decontrol burst upon the industry there has been witnessed a notable degree of specialization and large lot production. In recent months, in two or three companies there has been undertaken quantity production which can be considered as heralding action to meet the challenge of decontrol.

Today, the industry is aware that liberalization is rapidly approaching, and the only difference is in the attitude with which the situation is faced. It is clearly recognized that no longer can business be done on a hand-to-mouth basis in small lots of extreme diversification.

Serious study is being undertaken of production results, importation figures, and future market requirements; and there is every likelihood that, on the basis of these findings, there will come about voluntary specialization and concentrated production, which for years has remained pending. The enlargement of liberalization hereafter in Japan will promote these, regardless of the effect on each individual operation.

However, since the fear of business declines had caused adherence to the small lot, diversified production system, it is probable that through mutual stockholdings and other means there will be undertaken a regrouping of enterprises to provide a sounder and more resilient financial base.

It can be foreseen that the radical change of structure will result not only in rapid advancement through absorption of foreign technology, but there will be developed advanced technology of purely native origin; and when this occurs, as in western Europe today, the machine tool maker will actually exert leadership of the user, keeping the customer always supplied with the latest and most efficient equipment.

The industry, naturally, looks forward to the government's taking positive and effective steps to promote industrial development, pari passu with efforts to establish a sounder base on the part of the industry. It can be said in all honesty that since the end of World War II hostilities, the government has done practically nothing, apart from trade control,to foster the machine tool industry.

True, there is the Machinery Industry Promotion Emergency Measures Law of 1956. But in implementing the measures stipulated by this Law, there has been spent only little more than ¥9,500 million, of which only ¥2,400 million was the amount directed toward the machine tool industry.

In the United States, where 38 percent of the machine tools in use in industry were of less than 10 years of age as of fiscal 1958-59, the McGraw Hill plan for rejuvenation called for the spending of $3,200 million in 1959. In the case of Japan, 72 percent of the equipment in use comprises facilities more than 10 years old (operations with more than 30 workers), and with very little done by way of replacement or modernization, the situation is extremely discouraging. Since the Machinery Industry Promotion Law is due for termination in June 1961, it will be necessary to extend the enforcement period as well as to increase the appropriations made available for its implementation.

Accelerated Depreciation and Material Cost Reduction Needed

The industry seeks prompt action on the part of the government in extending the period during which accelerated depreciation is permitted for tax purposes under the Taxation Special Measures Law. As more permanent action, there is the need for revising the service life of machinery and equipment upon which the computations are based for depreciation for tax purposes. The useful life of equipment should be reduced to at least the durations now generally accepted in West Germany and other more advanced countries. For, the ability to retain in reserve ample funds for repairing and replacing capital equipment will have no small bearing upon modernization of Japan's manufacturing facilities, and upon our ability to improve productivity with betterment of quality.

Recommendations along this line were made in May 1959 by this writer in the *Oriental Economist* so the matter will not be reiterated.

There are, in addition, many suggestions and recommendations directed toward the government. Here, they will be presented in summary together with brief explanations.

1) *Establishment of a Special Fund for Low-Interest Loans to Small Businesses for Replacement of Machine Tool Facilities*

Although Japan's economic structure is undergoing modernization at an astonishing speed, it is to be noted that the small enterprises are being left behind in this forward advance. In order to keep up with the technological advances achieved by their parent plants, and in order to promote further systematizaton of the subcontractor-manufacturing organization for higher efficiency in production, it will be essential to furnish small operations with high-performance machinery and equipment. In so far as most of the small industrial operations are limited in fund resources, it will be necessary to provide government aid in the form of low-interest loans. With proper financing arranged for the small businesses, there will occur a transformation of the system to a form more like the American and European arrangements in which the small manufacturer, while participating in a close-knit organization as a specialist in production of parts and components, is, nevertheless, enabled to develop as an independent business. There is much to be learned from the program undertaken by the Small Business Administration of the United States Government, which was established in July 1958.

2) *Special Price Reduction for Materials (such as steel, iron, castings, components, electrical equipment, bearings, &c.) Going into Machine Tools for Export*

While there has been notable development achieved in the heavy and chemical industries the share of the world market held by Japan's machinery and appliance industry remains at as low as 3 percent, less than one-sixth of the shares of the United Kingdom or West Germany. With the structure of Japanese industry growing increasingly more sophisticated effort should be made to further this trend as well as to increase export earnings through more positive promotion of the machinery and appliance industry, particularly in regard to quality. (See footnote)

However, it is to be noted that in pricing, Japan's machinery and appliance industry has been far outstripped by various other countries. In order to achieve further development of the industry, which is still backward in many aspects, it is of utmost necessity at this stage of deveopment to establish a special system for price reduction of the materials used by the industry, with a view to ensur ing exports of Japanese machineries on a free competitive basis.

In considering export of machinery, the problem of backwardness in technology cannot be ignored. Perhaps such moral support as that provided by joint research and development projects undertaken by the bigger manufacturers will be necessary. In the United Kingdom and in West Germany such methods of promoting technological progress are being adopted.

3) Review of the Customs Tariff System in Connection with Re-Examination of the ***Ad Valorem*** *Method*

It has been pointed out that in order to cope with the situation after liberalization of trade, in which competition by foreign products is expected to become extremely intense, it will be necessary to proceed with due speed to "normalize" the conditions existing at home through constitutional improvement, accumulation of capital, providing of credit, and various other measures among which the custom tariff system looms large. It will be necessary therefore to undertake a thorough review of the tariff rates and system to bring about revisions that will be in line with the changes taking place in Japan's industrial structure and in the market as a result of the trend toward liberalization. For one thing, the current, *ad valorem* system uses an extremely loose classification of items, while, generally speaking, the rates tend to be lower than in other countries. Moreover, there appears to be considerable disparity among items, and this and other defects must be corrected.

4) Machinery and Appliances Industry Promotion Public Corporation

A plan for establishment of a public corporation for promotion of the machinery industry has been under study for some time by both government and private circles. However, because of budget difficulties, the project has failed to materialize. It is now urged that positive action be taken to establish such a public organization which, it is proposed, will undertake the following activities: 1. Leasing of machinery and equipment for modernization of facilities; 2. scrapping or relocation of obsoleted equipment; 3. promotion of domestic production of machinery (including subsidies for research and development as described under 5) below).

As a result of such actions it is expected throuh modernization of the facilities of the basic operations, and of the manufacture of interchangeable parts and components for export machinery, to vastly improve the precision and performance of the finished product as well as to reduce cost of production. It is also expected that the scrapping of obsolescent equipment, difficult to carry out through purely administrative means, will be effectively undertaken.

5) Increase of Government Subsidies for Research and Development

Although there currently exists a system of government subsidization for research and development in connection with machine tools, the amount made available is inordinately small. In order to permit Japan to go ahead with industrial innovation at the same rate as other countries it will be necessary to grant subsidies in large amounts for the development of Japan-made machine tools of high precision and performance such as gear-cutting machines, precision grinding machines, jig borers, and heavey-duty machine tools of all types. Subsidies should be forthcoming when the research and development undertaken by private enterprise is in excess of capacity pay. Also, measures should be instituted to permit write off of research and development expenses, and to encourage the setting aside of special reserve funds for technological progress. The "Economic White Paper" of 1959 gives the following statement in this connection:

"It is certain that the progress of technological innovation to date has resulted in a considerable degree of advancement of the industrial structure. But it must be noted that there exist such areas as that of machine tools and industrial machinery which have failed to keep up with the others... If matters are left entirely to the discretion of the enterprises concerned there is the danger that imbalances may develop in the investment pattern; and where such risk exists it may be necessary to give administrative support."

With the tide of liberalization flowing at increasing speed, it is only a matter of time until Japan's machine tool industry will find itself awash. Among the recommendations made by the Policies Research Association is the following: Timing of decontrol of importation of machine tools to be the end of fiscal 1963-64. The industry, on the other hand, generally feels that decontrol should be deferred until about fiscal 1965-66.

However, since the start of 1960, the pace at which the moves toward liberalization have been pushed has been accelerated. Under the circumstances the machine tool industry seeks special consideration on the part of the government to proceed cautiously with adequate flexibility of action, watching in the meantime the moves instituted by foreign competitors. If the actions taken by the government turn out to be effective and satisfactory, the machine tool industry will with courage and confidence face the severe trials that will most certainly accompany the liberalization of trade. (*The writer is managing director of Ikegai Iron Works*)

NOTE: The position of the machine tool industry in the machinery and appliance industry tends to be low, even in the more advanced countries of the world. In the case of Japan, only 1 percent of machinery sales pertains to machine tools, while even in the cases of the United States and West Germany, the proportions are 2 percent and 5 percent respectively. Consequently, in planning for the future development of the machine tool industry of Japan it is essential to stress the qualitative rather than the quantitative aspects.

If efforts to achieve technological excellence were to be neglected, the industry would most certainly find itself in such a position that it could not justify its existence in the face of rapid advances in this era of innovation.

Foreign Trade

Tariff Revision v. Free Trade

The customs duty has long been a "foregotten existence" since the introduction of wartime economic control, but it now is in the limelight of public attention as a clamor is getting louder and louder for protective tariffs along with the steady liberalization of import trade. Thus, the Tariff Council has started a serious study of the draft tariff revision program prepared by the Finance Ministry.

The functions of duties as import regulators (protection of domestic industry, organization of cartels, etc.) have little been recognized, though kept as a fiscal system, in the past decade. All this is ascribed to the strict control of foreign exchange and trade. Import duties have lost much of their regulatory functions simply because imports have been put under rigid control through the collaboration of foreign funds. But the trade liberalization means that the foreign fund allocation system is beginning to collapse like a box of cards. It is little wonder that makers and traders now are again expecting a good deal of customs duties as the means of controlling imports.

In this light, the Government appears determined to put into practice an all-round revision of the present tariff system. It has submitted a draft program for tariff reform "incidental to the changes in the composition of industry and to the progress toward liberalization of foreign exchange and trade." The draft program on April 19, 1960, submitted for deliberation to the Tariff Council includes almost all the issues relating to the tariff system in connection with the trade liberalization: i.e. 1) the classification of tariffs, 2) fixed and coventional rates, 3) the percentage of tariffs in the total imports, 4) standards for taxation, 5) the principle of fixing tariff rates, 6) provisional tariff reduction and exemption, and 7) special duties.

Modernization of Tariffs

In carrying out the projected reform now under study, the Finance Ministry is apparently placing particular emphasis upon the modernization of the tariff classification. The Table of Import Tariffs attached to the Tariff Law lists 940 items, which however should have been revised and reclassified much earlier in the opinion of Finance Ministry experts.

Since it was first initiated in 1910, Japan's tariff classification has been modified several times (the latest revision implemented in 1951), but main features of the original system still remain untouched.

First of all, the method of classification is too obsolete and rough to fit in with the changes in the structure of industry and trade. The Table of Import Tariffs includes a large number of items which have completely disappeared from the international market: e.g. locks & keys, *Tabi*, and stockings.

Of the total items (940), those whose imports were almost nill in 1947 comprise as many as 135. On the other hand, many of the new products which have gained in importance on the import list due to the recent development of chemical industry (plastics, synthetic textiles, man-made rubber, petrochemicals, etc.) are not clearly itemized in the Table of Tariffs, but they are contained in very roughly-classified groups, or in "other chemicals".

Based upon such a tariff classification, it is hardly possible for authorities concerned to impose proper and fair duties and, still worse, they often find themselves at a loss to find out how to collect duties whenever new products are bought from abroad. Thus, nothing appears to be more essential and urgent than to introduce an up-to-date and minute itemization, compatible with the recent strides in industry, into the existing tariff classification.

And the desired reform of the tariff classification had better be implemented in such a manner that international comparison may be made more easily than ever. In fact, Finance Ministry authorities has prepared a draft tariff classification, modelling after the Brussels Tariff Numbers (B.T.N.), and submitted it as reference to the Tariff Council. At its first session, the Tariff Council voiced no objection to the B.T.N.-based revision, and it is expected to deliberate the draft classification and to adopt its own for recommendation to the Government. Incidentally, the B.T.N., codified in 1955 on a unitary scientific classification by a 23-nation international organization, has already been adopted by 20 countries as a model for their own systems.

Ad Valorem or Specific Duty ?

Before World War II, specific duties were imposed upon the majority of dutiable goods: namely, 969 out of the 1,496 dutiable items in 1926, and 1,012 out of 1,546 in 1941. On the occasion of the 1951 revision, all of them were changed into ad valorem duties because many of them turned out tantamount nearly to no imposition due to the degradation of currency, and because commodity prices were wildly fluctuating.

But the ad valorem system has its own shortcomings. As for some commodities, prices cannot be appraised with ease, or false documents can easily be prepared, or official procedure often becomes complicated. In the case of specific duties, however, tax amounts can be determined without any complexity, and procedure may be far simpler, though they also have some defects of their own: namely, 1) they are incompatible with the price fluctuations, and 2) the tax burden gets lighter upon better quality and higher price goods of the same category.

After all, the Finance Ministry officials opine that specific duties had better be imposed on more items than ever because prices have got markedly stabilized (specific duties already put on film, sugar, etc.), the qualities of which fluctuate moderately, or the prices of which cannot be appraised easily.

As both of these duties have the merits and demerits of their own as mentioned above, some sort of adjustment must be introduced in practice: for instance, 1) the specific and ad valorem duties shall be imposed jointly, 2) the ad valorem duty shall be imposed as a rule, but as an exception the specific duty shall be levied in some specified cases, and 3) either the specific or ad valorem duty shall be imposed so that the higher of the two may actually be collected.

These issues will be discussed elaborately at the Tariff Council meetings.

The switchover from ad valorem to specific duties may appear to have little relations with the tariff rates, but this is not necessarily the case. As for such items as oil and salt, freight accounts for a large portion of taxable amounts, so the imposition of specific duties must needs be initiated at the time when the freight market is normally stabilized. Otherwise, proper taxation may be an impossible proposition.

Industry Concerned About Rates

Industrial circles are watching with great concern how the tariff rates will be revised or what role the revised tariff system will play for protection of domestic business. They really hope, if not explicitly, that their enterprises will be protected somehow or other by higher duties now the abolition of the foreign fund allocation system is something inevitable. They consider it a matter of course

for Japan to raise her duties in line with the relaxation of foreign exchange control, for her duties generally stand on a relatively low level in international comparison.

In point of fact, the present level of tariff rates is lower than the prewar standard as shown in Table 1: i.e. 6% or so during 1934–36 (dutiable goods comprising nearly 20% of the total incomings) but 3–5% from 1957 to 1959 (only 12 to 17%). The rates (converted into ad valorem rates) have gone off visibly for most individual items (see Table 2).

1. Average Tariff Rate by Year

	Customs Revenues Total Imports (%)	Customs Revenues Dutiable Goods Imports (%)
1927	6.6	17.4
1928	7.0	17.7
1929	7.6	17.2
1930	7.3	19.3
1931	9.0	24.0
1932	7.5	22.7
1933	6.0	21.0
1934	6.0	21.1
1935	6.1	20.0
1936	5.8	20.1
1950	0.3	3.7
1951	1.0	9.5
1952	2.7	18.7
1953	3.1	18.5
1954	2.9	16.4
1955	2.6	13.4
1956	2.8	12.4
1957	3.5	12.5
1958	4.2	12.9
1959	5.3	16.9

Source: Finance Ministry

Moreover, special mention must be made of the fact that Japan was under Allied occupation when she carried out the latest tariff revision in 1951, and there can be no doubt that at that time U.S. interest had a good deal to do with the final fixing of tariff rates. It is also to be noted that then the Japanese Government had to fix her rates as low as possible and to curry favor with the GATT member countries because she was anxious to join this international tariff organization.

Another important factor responsible for the low level of postwar rates was that Japan was forced to put more items than ever on the free or exemption list main-ly for stabilization of food supplies and for expansion of industrial equipment (173 out of 1,669 items put on the free list in 1926, 186 out of 1,731 in 1941, and 166 out of 940 in March, 1960).

Percentage of Customs Revenues

In Japan, customs revenues in 1957 accounted for not more than 3.5% of the total imports compared with 5.6% in the United States, 9.2% in Canada, 6.4% in Germany and 4.6% in France. This exceptionally low percentage comes from the fact that many industrial materials and equipment are free or exempt from duties because Japan is extremely dependent upon supplies from abroad.

Referring to this fact, Finance Ministry authorities emphasize that the percentage of customs revenues cannot be regarded as being too small, and that it is something unavoidable and permissible. This, however appears to be some sort of official equivocation designed to curb the request of private business for heavier duties. In fact, authorities concerned are studying in earnest whether or not it is really necessary to change the rates upon major import items in connection with the liberalization of international trade.

Frankly speaking, the revision of tariff rates is easy to speak of but difficult to accomplish, for due consideration must be paid to the possible reactions of exporting countries. Even in the case of fixed rates, any upping should be attempted after the attitudes of other nations are weighed carefully. As for conventional rates (rates cut down for 100 items or kept on the previous level for 176 items through GATT channels, or a combined total of 276 which account for nearly 30% of the total imports), negotiations with signatory countries must needs precede any change. If we want to have some rates upped, we will have to slash rates on other items or to allow negotiating nations to raise theirs. Thus, a drastic revision affecting a large number of items will be a very difficult proposal.

Flexibility of Tariff Rates

Under the existing Tariff Law, rates shall never be changed without Diet deliberation and legalization. Among interested circles, however, it has been advocated that the fixing of tariff rates should be more flexible and adaptable because the existing system is too rigid to conform itself to the ever-changing conditions, and this voice is getting louder than ever in connection with the liberalization of import trade. This issue, therefore, is placed on the agenda of the Tariff Council. As counter-measures, the following are proposed for Council deliberation:

1) Emergency tarifff—The Government shall be authorized to suspend some conventional rates or to modify fixed rates in case some specified goods make such inroads upon the domestic market as to jeopardize domestic industry.

2) Flexible tariff rates—The Government shall be authorized to change the existing tariff rates under specified conditions or within specified limits in case prices of farm products, etc. fluctuate wildly.

3) Tariff quotas—Specially low rates shall be applicable to a specified amount of imports, but higher rates to purchases in excess of this limit.

The present Tariff Law has provisions for double, retaliatory and cartel tariffs, but the Government is authorized to invoke these provisions and to change rates, applicable only to those countries which have resorted to anti-Japan discriminations or dumping operations. The above-mentioned measures, however, will grant the Government wider authority to modify the present system even in view of the changing conditions at home, and this is expected to relax the concern of industry about the trade liberalization and to enable the Foreign Office to conduct tariff talks more easily than ever before. This kind of tariff policy is being pursued by most industrial nations in the West, such as the United States, the United Kingdom, France and Germany.

Though the Ministry of International Trade & Industry appears to be much interested in it, Finance Ministry authorities are rather conservative in introducing a demarche in this direction. They mention both strong and weak points of the above-mentioned measures in the draft revision program submitted to the Tariff Council, assuming "a fair just" attitude. Diet quarters, too, are unlikely to OK them soon, for they believe that such special authority of the Government contradicts the principle of tax legalization.

2. Tariff Rates upon Major Import Goods

(In %, specific rates converted into ad valorem rates in brackets)

	1901	1926	1932	1951
Polished Rice		(16)	(22)	15
Barley	(20)	(10)	(14)	10
Wheat	(20)		(49)	20
Soybeans	(20)	(12)	(18)	10
Red Beans	(15)	(10)	(12)	10
Coffee Beans	(45)	(33)	(39)	35
Raw Sugar[1]	(50)	(30~36)	(76~87)	10
Butter	(40)	(25)	(50)	35
Cheese	(40)	100	(40)	35
Condensed Milk (powder)	(20)	(15)	(23)	30
Whisky (bottled)		100	100	50
Leaf Tabacco	355	355	355	355
Soybean Oil	(20)	(16)	(17)	20
Lard[2]	(30)	(17)	(27)	10
Crude Oil		(12~25)	(26~50)	10
Caustic Soda (refined)	(20)	(15)	(23)	20
Industrial Chemicals	{20 \30	20 30	20 30	20
Cotton	free	free	free	free
Man-made Textiles	(30)	(27)	(75)	{25 \15
Mechanical Pulp	(5)	2.5		5
Coal	free	free	free	free
Pig Iron	(5)		(20)	10
Steel Ingot	(7.5)	15	15	12.5
Steel Bar	(15)	(18)	(19)	15
Steel Plate	(15)	(18)	(24)	15
Copper (ingot & slab)	(5)		(35)	10
Lead (ingot & slab)	(5)	(3)	(5)	5
Tin (ingot & slab)	(5)	(4)	(4)	5
Table Clocks	40	100	100	30
Cameras	50	100	100	40
Automobiles	50	50	50	{40 \30
Boilers (cast iron)	(25)		(21)	15
Generators	(20)	(15~20)	(8~29)	15
Internal Combustion Engines	(20)	(11~24)	(1~35)	30, 15
Metal Working Machines	(15)	(15, 20)	(9~19)	15

Source: Finance Ministry.

Notes: [1] The present rates at 66~141% ad valorem for raw sugar.
[2] The present rates at 15% for lard and 5% for other fats (specific duties converted ad valorem).

Labor

Quiet but Fruitful Spring Offensive:—The 1960 spring offensive centering around Sohyo has almost ended with no spectacular struggles taking place for a change. Barring Tanro (Coal Miners' Union), which is in the midst of turmoil, almost every single private union in Japan was accorded a fatter pay hike than a year ago. The average pay hike level for the private unions ranges from ¥2,000 to ¥2,500 —some 30% more than the previous year.

One of the special features of this year's spring offensive was the complete absence of the strong "core" unions such as Tanro which usually lead the field for others. As splashed all over the front pages of newspapers for quite a time, Tanro (Coal Miners Union) was partially crippled by the bitter and prolonged fight in one of its strongholds—Miike Mine of the Mitsui Mining Co.-and had to accept the mediation offer of ¥395 pay level hike on April 4. Although the amount was ¥205 lower than the previous year's achievement, the Coal Miners Union had to accept it in order to avoid internal dissention and bolting. Japanese National Railways Union and the Private Railways Union Federation were also too preoccupied with protecting their union integrity to make any spectacular antics in the spring offensives.

Because of any strong "core" unions, the 1960 spring offensive ended in a rather quiet tone, although the total number participating in the annual event stood at an impressive 4,500,000. However, the pay hike level itself proved to be considerably higher than in the previous year. For example, Korokyo (Public Corporation & Government Enterprise Workers Union) coaxed an average ¥1,600—¥1,650 pay boost out of the Koroi (Public Corporation & Government Enterprise Labor Relations Committee)-a gross 52% more than last year's ¥1,050.

The Federation of Iron & Steel Industry Workers Unions, which failed to follow Sohyo's order to lead the field mainly because of the backing out of the strike line of seven major unions including that in the giant Yawata Iron & Steel, shook hands with management at a reasonable half-way point¥—1,100 for five major companies (Yawata, Fiji, Nippon Kokan, Sumitomo and Kobe) and ¥1,300-1,600 for medium and small-sized enterprises. There was an additional regular hike of ¥800 for the major companies to bring the total figure to ¥1,900 in comparison with ¥1,600 a year ago.

The Federation of Electric Machinery Industry Workers Unions also followed a rather undistinguished path chiefly because of the unconcerted steps taken by its major members. Finally, Hitachi, Mitsubishi and Fuji bowed out of the strike line and the whole struggle fizzled out. In spite of this comparative inactivity, however, most of the major company unions received fatter pay hikes than in the previous year. For example, Hitachi settled for ¥2,416 hike plus; Toshiba, ¥2,444; Mitsubishi, ¥2,161; Fuji, ¥2,100 and Meidensha, ¥2,287.

The Federation of Synthetic Chemical Industry Workers Union was also accorded a fatter pay hike than in the previous spring offensive. Of 43 separate unions under the aegis of the Federation, 8 settled for more than ¥2,500 hikes and 30 for more than ¥2,000. The Federation headquarters announced that the average pay hike in the industry as a whole came to a comfortable ¥2,100.

Major unions in private railroad including Tobu, Keisei, Keio-Teito, Rapid Transit, Nankai, Keihan, Keihanshin, Hanshin and Nishitetsu accepted the Central Labor Mediation Board's offer of ¥1,600 hike—a gross 28% growth over the previous year's achievement.

Major reasons for this comfortable pay hike in spite of the comparative inactivity on the part of the labor unions are as follows: 1) Although the absence of strong "core" unions proved to be a big blow to the spring offensive as a general, some unions in booming industries succeeded in coaxing generous pay hikes out of management providing a good scaffold for the following unions on which to build their own versions of demands:

2) As labor tried to involve anti-U.S.-Japan Security Pact activities into the wage hike demands, management wished to get out of the political entanglement at the earliest possible time.

3) Because of the continuing prosperity, it has become increasingly difficult for private enterprises to recruit good workers without raising the wage levels.

Another characteristic of the 1960 spring offensive is that the wage hike level is higher in medium and small-sized industries in comparison with their larger counterparts. This fact is especially remarkable in metal industry unions. The move is noteworthy as a sign of filling the big gaps between the wages in big businesses and those in their smaller counterparts. A third characteristic is that both labor and management have begun to downgrade age and service years in the consideration of wage distributions.

Miike Mine Struggle Prolonging:—Tanro (Coal Miners Union) finally rejected the mediation offer by Chairman Fujibayashi of the Central Labor Mediation Board after a nightmare session for the Tanro leaders from April 8 through 17. At first, the Central Struggle Committee strongly influenced by the Mitsui Mining Labor Unions Federation (barring Miike Union, which remained adamant) inclined to accept the mediation offer on the ground that it was the only way to keep the organization integral. In the course of the stormy discussions at the extraordinary session, however, the leaders waved to and fro between acceptance and rejection. Finally, on the last day of the meeting, Tanro formally announced its rejection of the mediation offer thus walking straight into the "quagmire" of bitter and prolonged dispute with the management. Upon this final decision, the Federation of Mitsui Mining Unions (Sankoren with the exception of Miike Union) walked out of the meeting announcing that it would not be able to follow the reckless decisions of the Tanro leaders.

Chiefly because of this bolting of Sankoren (Federation of Mitsui Mining Unions) out of the battle-front, the struggles against personnel cut at Miike Mine have been greatly overcast for the first unionists. Another blow to the first union is the tentative decision of the Fukuoka District Court that the company is authorized to get rid the hopper at Miyakawa Pit in Miike of the picketing first unionists. Although it does not follow that this decision alone can bring about the long-coveted victory for the management, it is certainly a step forward. It is quite possible that another bloody fight may flare up between the first and the second unionists around the picket-lines.

Unemployment at Lowest Ebb:—The Statistics Bureau of the Prime Minister's Office published on May 10 the results of its survey of overall employment situation in March, 1960. According to this survey, comfortable 43,310,000 people got new employment—1,290,000 more than the previous month. Although this figure cannot be taken at its face value, as a great majority of it is seasonal employment in farm activities, there is no doubt that employment is growing steadily in every industry. The total number of completely unemployed, the other hand, stood at 710,000—the lowest figure for March since 1955.

Kaleidoscope

1960 Census:—The Government is scheduled to carry out a large-scale census as of October, 1960. This census, taken every 10 years, will cost about ¥2.2 to ¥2.3 billion in all. Tentative figures of population by sexes and households will be announced by the end of this year, while the total population by cities, towns and villages will come in by the end of May, 1961. The final figure, however, will not be announced until the end of July, 1963. One of the highlights of the coming census is its inclusion of such datas as the address of one year ago; levels of education; place of work or study; household budget; income; and for females, number of married years and the number of children born.

White Paper on Shipbuilding:—There are 108,500 mechanics working at 24 major shipyards capable of turning out bigger ships as of the end of 1959. This and other interesting statistics about Japan's shipbuilding industry have recently been revealed by the Ministry of Transportation. Among 100,000-odd workers, some 70,000 are "regular" employees and in order to maintain this level of employment, some 1,200,000 gross tons of new ship orders are annually necessary. With this kind of vast shipbuilding capacity (2,700,000 gross tons all told), the shrinking ship orders are steadily becoming a problem. In the time of shipbuilding boom a few years ago, Japanese shipyards worked full time and in the peak year of 1956, the orders eclipsed 2,800,000 gross ton mark. Since 1958, however, the tide began to change. In that year, the total ship orders fell down to 1,200,000 gross tons and in 1959, the figure further shrivelled to a mere 890,000 gross tons. For the current fiscal year, some 800,000 gross tons is the most probable achievement. This is even less than enough for the Japanese shipbuilding industry to make both ends meet. If things go at this slackened tempo, Japan's shipbuilding industry will be confronted with one of the most serious troubles in its history. Redoubled efforts, therefore, should be directed for further modernization and rationalization of the industry's facilities so that it is able to combat the mounting difficulties.

Modernization of Agriculture:—Basic Problems Study Committee for Agriculture, Forestry and Fishery has recently announced an interim report entitled Basic Problems and Countermeasures in Agriculture. This report appeared just in the nick of time when Japan's agriculture faces one of the most crucial turning points in its development. The report clearly points out that the reason why agriculture is lagging far behind in its production when compared with mining-manufacturing is the extremely small scale in which it is operated. As a countermeasure for this problem, the Committee boldly struck out a plan to send some of the manufacturing companies to the country and make the small scale farmers quit their jobs and seek employment in the manufacturing industries. As the same time, the Committee plans to give a further helping hand to dairy farmers. If realized, this plan will hike the present average farm holding from about 80 ares per household to 1.5 hectares and reduce the farm population by 3,400,000 to 11,500,000 in 10 years. Through the adoption of this plan, the Committee expects to hike the per capita annual income by about 5% every year. The only trouble with this plan, however, is whether it is workable in view of the deep attachment that the farmers have for their farm lands.

Total Fish Catch for 1959:—The year of 1959 saw a new record born in the country's total fish catch. According to the Ministry of Agriculture & Forestry, the total fish catch for the past year stood at 5,880,000 tons—some 380,000 tons (7%) more than the previous year's achievement. Taking 1955 as 100, the indices for the following years stood at 97 in 1956; 110 in 1957; 112 in 1958 and 120 in 1959. In a matter of five short years, Japan's fish catch grew by 20%.

Osaka Trade Fair a Great Success:—The 4th Osaka International Trade Fair closed its doors on April 26 after 18 successful days. The total contract amount resulting from the fair stood at the comfortable ¥18 billion-more than expected. In the export field, textiles led the way with ¥3,233 million followed by machinery with ¥2,985 million and sundry goods with ¥1,504 million. In the import field, machinery dominated with ¥1,861 million. Machinery also dominated within-the-country con- tracts with ¥7,124 million followed by textiles with ¥316 million. General popularity of machinery was one of the most important features of the 4th Osaka Fair.

Stock Acquisition by Foreigners:—Total acquisition amount (cumulative) of Japanese stocks by foreigners and foreign firms stood at $100,062,000 as of the end of March, 1960—some 10 years after the enactment of the Foreign Capital Law, through which the way was opened for the induction of foreign capital. Of this total amount, some $29,465,000 worth of stocks was secured through the markets, while the remaining $ 70,597,000 worth was secured through other ways (including managerial participation). In 1958, the former accounted for $ 5 million and the latter, $ 6 million, while in 1959, the former accounted for $ 10 million and the latter, $ 17 million. The total stock holdings through the markets by foreign investors is still negligible, accounting for a mere 3% even in the most susceptible industries.

Growing Overseas Investments:—According to the Ministry of Finance, Japan's outstanding overseas investment stood as of the end of March, 1960 at $ 1,297 million—some $ 80 million more than the 1959 year-end figure.

Polar Whaling Results:—The 14th polar whaling operation ended on March 26 on the Fishery Agency's order and the whole flut headed home. The total whale catch for the season stood at 5,216 heads (in terms of sulphur bottoms)-178 heads more than the figure for the previous season.

Growing Automobile Production:—The total automobile production for the fiscal 1959 stood at 296,773 units—an amazing 50% increase over the previous year's achievement. Especially active was the growth in passenger cars which grew by as much as 61.5% over 1958 and stood at 87,992 units. Trucks followed closely behind with 48.7% growth and stood at 201,793 units. Buses, on the other hand, came slightly short of the 1958 achievement with 92.5%. One of the biggest features for the 1959 production is the great advance made by the midget four-wheelers with less than 360cc displacement. These "mini-cars" actually advanced 5 times.

Japan's Potential Water Power:—According to the 4th water power generation survey conducted by the Ministry of International Trade & Industry, Japan's potential water power was found to stand at 35,370,000 kWh (at the peak) from 2,372 points of generation. Annual generation capacity, on the other hand, stood at 130 billion kWh. Of this total amount, some 212.5 billion kWh (758 generation points) is stillundeveloped.

Glimpses of Japanese Culture

Japanese Master Carpenters

By Masaru Sekino

Japanese Carpenters and Historical Monuments

Japan is a land of wooden structures. It is true that since the Meiji Restoration in 1868 Japan has increasingly taken to brick, stone and concrete construction, heavily influenced by the western way of building, but the tradition of wooden construction handed down from century to century still exists in the heart of this modernization, and 80% of all the newly built space being added annually to the already impressive array of buildings all over the country is of wooden construction. With the advent of the machine age, however, the art of carpentry has become increasingly simplified, and the number of master carpenters, in the true sense of the word, is rapidly shrinking in the wake of the "democratization" of the traditional apprentice system. The remaining few master carpenters with the superb techniques and skills of old are becoming incapacitated with old age, with few successors on the horizon to take their place.

Japanese Carpenter handling L-shaped square (sash'gane), with wooded ink pot (Sumitsubo) aside.

Japan is fortunate to have some wooden structures over 1,300 years old —the oldest such structures in the entire world. These are the Main Hall (*Kondō*), the five-storied pagoda, the corridors surrounding them, and the central gate, of the Horyuji Temple. These monuments bear striking witness to the excellence of the ancient Japanese master carpenters, who in turn acquired their superior techniques from neighboring China. After these first monumental feats of our early predessessors, each century has seen new masters developing their architectural skills and creating works of great beauty and perfection. These structures, over 2,000 in number, are now designated either as National Treasures or as Important Cultural Properties, and thereby protected under the national laws. These buildings are of a great variety, including shrines, temples, palaces, castles, villas and houses. Since they are mostly in, or clustered around, the cities of Kyoto and Nara—the ancient capitals of Japan—you can form a rough idea of the excellence of the ancient Japanese carpenters by merely visiting these two cities.

The carpenters who are now engaged in conservation and restoration of these National Treasures and Important Cultural Properties are those who are completely versed in the traditional architectural techniques native to Japan. To repair such a wooden structure is just like overhauling any other complex mechanism. The master carpenters first dismantle the wooden structure piece by piece, and then, after having completed the restorative operations, they reconstruct the whole building by the same process. Since the end of the Pacific War, many structures, including the Main Hall and the five-storied pagoda of the Horyuji Temple, have been thus restored.

Japanese Exhibition House in the Museum of Modern Art

In both 1954 and 1955, exhibitions were held in the Museum of Modern Art in New York of a Japanese *samurai* house. This house was presented to the U.S. by the America-Japan Society of Tokyo in accordance with the request of the Museum. The actual plan for this house was made by Professor Junzo Yoshimura of the University of Arts in Tokyo, with the writer acting as a moderator between the two parties. The plan was mainly based on the instructions for constructing *samurai* houses left in the scrolls prepared by Heinouchi Masanobu (one of the outstanding master carpenters of the 17th century). Some structures from the 17th century which are still standing were also examined.

Mr. Heizaemon Ito of Nagoya and his company carried out the actual construction. Mr. Ito's has long been a carpenter family, with a group of expert craftsmen in its fold. Mr. Ito and his company prepared all the necessary pieces for the construction here in Japan, then took them over to the United States and assembled them into a masterful specimen of a *samurai* house. This was the first occasion on which traditional Japanese construction was shown to the American public in its entirety and without any adulteration.

The Profession of Carpentry

The Heinouchi family headed the Department of Building during the reign of the Tokugawa Shoguns, and Masanobu—the man who founded this architectural family—left his building secrets in scrolls for those who followed in his footsteps. According to those scrolls, the master carpenters of the time had to be equipped with the skills of ornamentation and sculpture; handwork; calculation and estimation; and stereometry and proportion.

Handwork meant the actual working of the wooden material, using the appropriate tools, and is the most basic as well as the most important technique in carpentry. Calculation and estimation, on the other hand, require managerial talents of the carpenter as the man in charge of the whole building.

Stereometry and proportion were also at the very heart of the carpenter's techniques, which bears vivid witness to the fact that the carpenters of the time acted also as architects—both making the plans and then carrying out the actual construction. Stereometry is the art of determining the metrical elements of solid figures and then drawing the basic lines on the wooden material with black ink. Proportion is the relationship between various parts of the structure from the easthetic point of view, and was quite comparable to the proportion used in the western way of classic architecture.

When a man decided to become a carpenter, he worked first as a handy man around the master carpenter's household, running errands and caring for the master. After spending some time at this seemingly trivial work, he started to learn something of handwork. Then came the more complicated arts of ornamentation and sculpture. When he graduated from these works, after many years of training, and was advanced to the rank of a master, he learned a variety of architectural skills, including estimation, calculation, stereometry and proportion.

Japanese carpenters in the medieval period worked under a strong guild system, belonging directly to certain shrines and temples and doing works only for their particular masters. Under this rigorously regulated apprentice system, the art of carpentry grew in both quality and scope, reaching a peak in the period from the latter part of the 16th century through the following century. In the succeeding centuries, however, the art of carpentry became too much involved in mere details, and neglected the over-all aspects of construction.

Medieval Carpenters at work with each holding tools in his hands. (Picture Scroll of 13th century)

A Japanese reception room in 17th century

The Carpenter's Tools

The tools used by the Japanese carpenters are modeled after those imported from China in ancient times, and are used in much the same way. The only exceptions are saws and planes, the cutting edges of which face the users—completely opposite to their Chinese and Korean counterparts. Hatchets, adzes, and chisels were already used in ancient times. It is known that in the building of the Horyuji Temple such tools as *suminawa* (a pot with ink-soaked cords coiled in it, used to make marks and designs) and *yariganna* (a sort of chisel in the form of a spear) were widely used. Saws, however, were yet only sparingly used at that time. It was only in the 15th century that large saws for londitudinal cutting of lumber began to popularized, while it was yet two centuries later that planes became common as carpenters' tools.

One of the most interesting items of the Japanese carpenter's utensils is the wooden ink pot named *sumitsubo*. A roll of cotton string is so positioned as to feed out through the ink, and it has a nail attached to its end. In use, this nail is driven into the end of a timber, then the carpenter walks to the other end, playing out the string, and plucks the string, letting it snap against the piece of wood. In this way he can easily draw straight lines along the lumber. An added feature of this method is that it does not matter if the surface of the lumber is smooth or tortuous. Every carpenter made his own *sumitsubo*, and some of them were so artistic and elaborate that they are sought by many curio collectors today.

Joining

In wooden construction, when pieces of lumber areto be joined or interlocked, they must be prefabricated so that they fit smoothly into the whole pattern. It is true that sometimes the joints and interlockings are helped by the use of nails or bolts. In most Japanese construction, however, the wooden skeleton of the house—including pillars, girders and beams—are usually left as they are, without any coating or filling in. The carpenters, therefore, must pay the utmost attention to these joints so that there won't be too much marring of the surface. Scores of ways to minimize the surface disfigurement have been handed down, and present-day carpenters can use many of them to advantage. The carpenters of yesteryear took pride in making houses and other structures using a minimum of nails, and there is even a building by the name of Kuginashi-Do (No-nail Hall).

Stereometry

Stereometry is similar in principle to geometry, trigonometry and geometrical drawing of today. Japanese carpenters used from ancient times, and still use, an L-shaped square called a *sashigane*. It was only in the latter part of the 17th century, however, when the Japanese way of calculation was completed, that the use of the *sashigane* became strongly supported by an academic background. In 1848, Heinouchi Masaomi—member of the famous Heinouchi family—published a book on stereometry by means of wood-block printing. In this book, he explained that the *sashigane*—like the slide rule of the present day—can be used to do tricky calculations in involution and evolution, and he further expounded the theory of the distribution of ridges and rafters. One cannot contain their admiration for Heinouchi's ability when they see that he easily gave the answers to difficult problems which, even today, can only be explained by higher mathematics.

Proportion

In front of each Japanese shrine there usually stands a simple gate called a *torii*, which consists of a large horizontal timber resting on top of two round pillars, with another horizontal some distance below it, this time sticking through the pillars on each end. This *torii* has become the very symbol of a shrine. The pieces used here are in just the right proportion, the result of a rule of proportion that has developed through a long history.

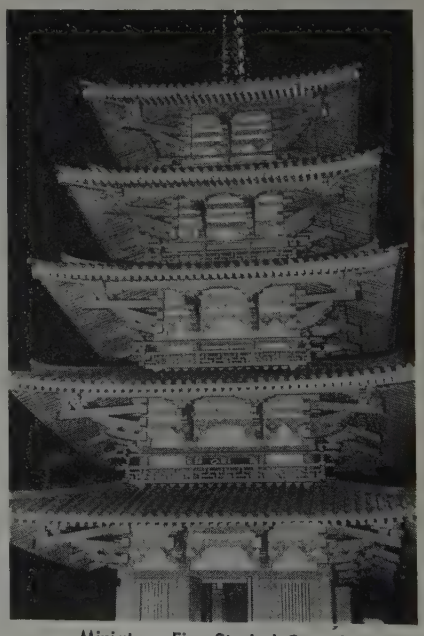
In the early part of the 17th century, the theory of proportion was already widely used among a variety of master carpenters. The particular proportion theories of these masters were usually written in scrolls and handed down to their followers, and they commanded a great deal of authority and influence. Finally they became something of a secret, being handed down from the master only to his son. This pre-eminence of the hereditary proportion theories, however, brought about the stagnation and lack of imagination of the carpenters in the following generations. On the other hand, the wood-block publication of the proportion theories was a great help to the ordinary carpenters living and working among the general populace.

The highlight of the proportion theory is that the width of the pillars is determined by the space between the pillars, and that the measurements off all other materials, including the width of the rafters and the length of the eaves, are based on the thickness of the pillars used.

On the other hand, the sizes of Japanese houses are decided by the number of *tatami* mats used. In other words, the *tatami* is the measurement unit of Japanese houses. Each mat is about 0.9 meters by 1.8 meters in size. According to the number of mats used, Japanese rooms are called 2-mat rooms, 3-mat rooms, 4.5 mat rooms, 6-mat rooms, etc. The space between the pillars, from face to face, therefore, has to correspond to the standard size of the mat. The height of the entrance is likewise usually about 1.7 meters. Because of these pre-determined conditions, therefore, the sizes of household fittings, such as sliding doors, screens, etc., well are standardized.

Miniatures

In olden times, Japanese carpenters built miniatures (usually 1/10 scale models) before embarking upon the actual construction of such grand works as five-storied pagodas. These were called models, and some dating back 1,200 years in history are still extant. The handwork of a carpenter is best shown in these minitures, as everything is a exactly the same as in the real structure, only smaller.



Miniature Five-Storied Pagoda, Horyuji Temple

The number of carpenters who can actually make these miniatures is greatly limited today. But among those who are engaged in conservation and restoration of the National Treasures and Important Cultural Properties, there are some who can claim this distinction.

Miniatures are indispensable to museums, where one can follow the architectural history of Japan by merely glancing over these miniatures. The miniatures are also indispensable in introducing Japan's architecural products to overseas viewers. Rising far above mere model-makers' achievements, these works by true master carpenters are creations of real artistic merit.

(*The writer is a Professor of the University of Tokyo*)

Japanese Stock Market

Its History & Development

The Japanese economy has made a phenomenal growth in about 15 years since the termination of World War II, but the capital market, and especially the securities market, has still been notably behind in development. It goes without saying that stocks have come to be distributed in an incomparably wider stratum of society than prewar, and transactions at the stock market have grown notably animated. In contrast with the popularization of stocks and the activation of transactions, however, the conversion of capital into securities has failed to make any noteworthy progress. Japanese industry has made surprising progress qualitatively and quantitatively after the war, but such expansion has been made possible by depending largely on the mounting volume of external debts and the conversion of capital into securities has been conducted only as a step for rectifying negatively the state of excessive reliance on external debts. As a result, the securities market has been unable to keep pace with the growth of the national economy.

Superiority of Banking Organs over Securities Market

The standstill of the securities market at an extremely low position, however, is not necessarily a specific phenomenon after the war, but has been a traditional state since the early days of the Meiji era (1868–1912) when capitalism established itself in this country. It was in 1872 when the first national bank was established that Japanese enterprises ever attempted to raise capital from private sources by the conversion of capital into securities, or, in other words, by issuing stocks. It was also in 1878 that government bonds were first placed on the market, and it was in that year that a securities exchange was established for the first time. In 1890, the Osaka railway bond was floated, and the capital market made its debut in Japan at least in form. On the list of stocks transacted at the securities exchange in those days, banking bonds predominated, and banking organs were the principal buyers of government bonds and corporate debentures. In other words, the capital market in those days was unable to function without the support of banking institutions. Responsible for this abnormal state of affairs was the poor accumulation of capital in this country in those days. The size of capital accumulation by petty savings voluntarily made by the masses was too small to meet the requirements of capitalism at the time of its introduction, and financiers were compelled to depend on inflation through the utilization of note-issuing functions of monetary organs. In other words, enterprisers were unable to raise capital by themselves through the medium of the securities market, and were compelled to depend on the easiest method by seeking funds from banking institutions. The superiority of banking institutions over the security market has thus been established, and this superiority was further bolstered by the role of bond-issuing banks. The Hypothec Bank of Japan established in June, 1897 was the first bond-issuing bank in this country, followed by the birth of the Industrial Bank of Japan in March, 1902. Those bond-issuing banks were created with the task of supplying funds to industries which hitherto had to depend solely on banking organs. The two bond-issuing banks issued banking bonds and opened them to public subscription through the securities market, but such bonds were mostly purchased by ordinary banking institutions and the Government, and the funds thus obtained were supplied to enterprisers to help the early growth of domestic industries. This process, however, served to reduce the amount of funds which might otherwise be earmarked for investment in securities like stocks or corporate debentures. Other factors than the traditional superiority of banking institutions over the securities market also worked to force the latter to stay low.

Role of Zaibatsu & Speculative Nature of Stock Market

First on the list of such "other factors" was the colossal controlling power of the Zaibatsu interests. As of 1939, the combined paid-up capital by the four Zaibatsu interests (Mitsui, Mitsubishi, Sumitomo and Yasuda) is estimated to have accounted for 32.0% of the national total of capital stocks. Such stock capital was almost completely monopolized by the Zaibatsu families or Zaibatsu companies without being opened to public subscription. Those Zaibatsu families and Zaibatsu companies (in the form of holding companies) with subsidiary banks under control manipulated the supply and demand of funds in a manner free from general fluctuations of the national economy. The result was the dwindling necessity to raise funds from the open market to the consequent and relative decline of the position of the capital market, and the stock market began to grow highly speculative. It was in 1878 that the full-fledged stock market was first established in this country. Prior to this, the Government in 1874 opened a securities exchange patterned after the London stock market, but this attempt proved abortive because of the extremely small volume of transactions and the inadaptability of the British method to Japanese business usages. The new securities market created in 1878 was made more speculative through the adoption of the method of margin settlements practised in rice transactions in the days of the Tokugawa era, and transactions grew sufficiently active. The existence of the Zaibatsu interests, however, made the transactions in blue-chip securities on the stock market impossible, and only second-rate shares were changing hands. In consequence, dealings at the stock market became wildly speculative and the induction of public savings was made difficult, as such savings found their way to banking institutions as deposits, another dam-p er to the normal growth of the securities market.

Growth of Stock Market after War

The situation has been steadily changing since the war's termination, as various events conducive to the development of the securities market took place in succession. The first stimulant was offered by the basic policy of the Occupation regime for raising industrial funds. For the accommodation of long-term industrial funds, the Occupation policy chose to depend on the capital market, especially the securities market, through the flotation of securities, a formula well in conformity with the basic theory of fund supplies. The Occupation regime, on the other hand, was highly critical of the roles played by the Industrial Bank of Japan and the Japan Hypothec Bank, particularly the former, for the reason that the former bank played a big part in wartime financing operations and that the accomodation of long-term industrial funds through monetary institutions was considered objectionable. It may well be judged that behind this policy of the Occupation regime was the theory to attach greater importance to the securities market. This theory was embodied in Article 65 of the Securities Transactions Law enacted in June, 1948 (while Japan was still under Occupation), providing for the exclusion of the securities acceptance business by banks. Some of other important developments after the war's termination which served to strengthen the position of the securities market were as follows.

The Dissolution of Zaibatsu

With the Zaibatsu interests ordered dissolved by the Occupation regime, followed by the enforcement of the Excessive Economic Power Decentralization Law, stocks formerly owned by Zaibatsu families, Zaibatsu companies and giant konzerns were totally placed under the supervision of the Securities Liquidation Commission, which sold the best part of such stocks through the securities market to the public. Stocks thus placed under charge of the S.C.L.C. were estimated at ¥25,000 million in value, or more than 50.0% of the combined paid-up capital of joint-stock companies throughout the nation. The sales of such stocks continued from July, 1947 through June, 1951, and during this period some 233,000,000 stocks valued at ¥14,100 million were disposed of. In the process of disposition, the so-called "democratization of securities" formula was strongly pushed, and stocks, which parted from the hands of the Zaibatsu interests, konzerns and banking institutions found their way to the ownership by "the masses." The securities market thus came to be closely related to the public living. According to a survey by the Ministry of Finance, the ratio of stocks owned by individuals, which stood at 53.0% of the total at the end of March, 1946, increased to 61.0% by the end of March, 1951, and the number of individual shareholders grew from 1,710,000 to 4,640,000 in the interim.

Industrial Reconstruction & Adjustment Law

The Government in August, 1946 declared the suspension of wartime compensations for the exclusion of wartime profits and the adjustment of national finances, and industrial enterprises and banking institutions were subjected to heavy losses by this step. For the disposal of such losses, the Government in October, 1946 enacted the Industrial Reconstruction and Adjustment Law. Under the provisions of this law, enterprises were required to make up for the losses through capital reductions and other measures, and then to increase capital upon the completion of such adjustment operations. Many corporations coming under the purview of the new law also increased capital in rapid succession, and such capital expansion operations by leading enterprises were conducted totally through the medium of the securities market. The weight of the securities market as the issuing market was markedly enhanced.

Reopening of Securities Exchanges

The securities exchange, which had been closed since the war's termination, was reopened in May, 1949, simultaneously in nine key cities (Tokyo, Osaka, Nagoya, Kyoto, Kobe, Hiroshima, Fukuoka, Sapporo and Niigata). By the enforcement of the Securities Transactions Law, futures transactions based on deferred dealings common before the war were suspended to the revival of spot transactions, although credit transactions were partly recognized after the pattern of the "regular way" formula adopted in the United States. Thus, excessively speculative dealings were curbed.

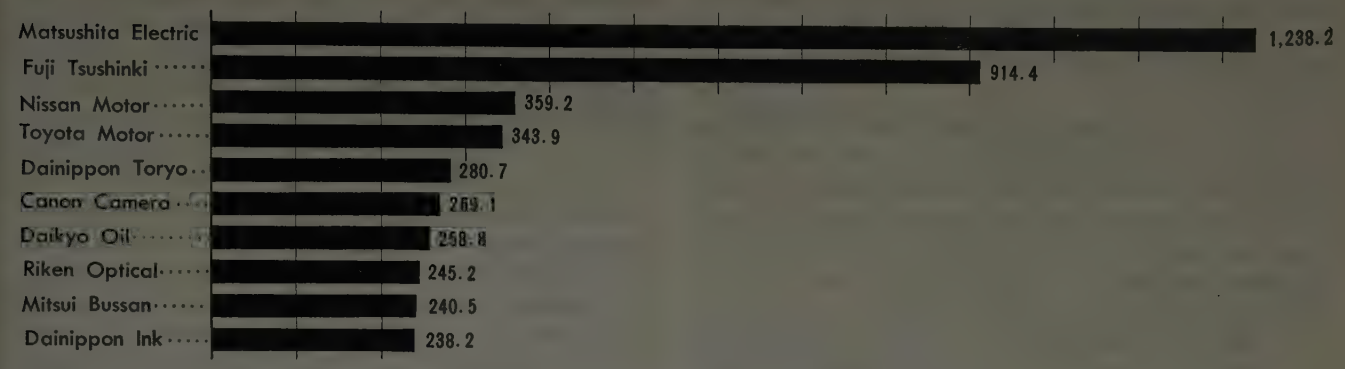
Tax Privileges

For the acceleration of stock investments, the Government also decided on a favorable tax treatment to share dividends. The tax privileges granted for share investments were as follows: a) The system of taxing dividend income at source was abolished, and the 25.0% of the dividend was to be deducted from the income tax; b) The dividend received by the juridical person was not to be included in its profit in the calculation of the corporate tax. In other words, the dividend income of the corporation was made non-taxable; c) The securities transfer tax was abolished.

Retreat of the Position of the Securities Exchange

Although the position of the securities market was notably elevated after the war, the superiority of banking institutions come to the fore again with the steady close of inflation upon the adoption of the so-called "Dodge" policy in 1949. For instance, the route for fund supplies based on governmental funds was firmly established upon the creation of the Japan Development Bank. The Industrial Bank of Japan was also enabled to regain its functions upon the enactment of the Long-Term Credit Banking Law. The disinflation policy, which served as the basis of the "Dodge Program," compelled the gap caused by the diminution of the budgetary scale with loans from banking institutions, that is, through the creation of credit for monetary organs, thus bringing the importance of banking organs again into the limelight. The steady concentration of stocks to key enterprises and banking institutions by the slackening of the Anti-Monopoly Law and new tax privileges for deposits also combined to force the relative weight of the securities market to recede. Monetary operations in Japan after the war have been featured by a state of overloans, and the fall of the weight of the securities market may be held partly responsible for this phenomenon. Let us take stock of this point.

10 Biggest Earners (Multiplications on Original Shares)



Notes:

1. Period covered: From the time of the postwar reopening of the stock market on May 14, 1949 through May, 1960:
2. Current prices as of May 13, 1960:
3. Method of calculating the price advances:—

$$\frac{\text{Current share price} \times \text{Number of shares owned} - \text{Total payments made}}{\text{Share Price as of May 14, 1949} \times 100 \text{ (shares)}} = \text{Rate of advance}$$

4. The number of shares shown is the number of shares possessed at present by the owner who had 100 shares as of May 14, 1949 as the number increased through successive share allotments to shareholders through successive capital expansions.

5. Regarding the shares which were opened to public subscription after the reopening of the stock market, the prices of the shares at the time they were placed on the market were used as the base, and the allotments of new shares through capital expansions later were taken as the basis for calculation.

6. The advance of Matsushita Electric is particularly noteworthy for the reason that the company 10 years ago was very meagerly capitalized (at ¥46,000,000). Because of the swift expansion of business, however, the company increased capital on seven occasions in the interim and 100 shares 10 years ago have swelled to 19,125 shares. Also responsible is the smooth advance of the price of its share. At the time the stock market was reopened after the war, the price of Matsushita Electric's share stood at the low level of ¥64.00, but it now stands at ¥445.00 at the Tokyo Securities Exchange, as the company since has grown into one of the largest manufacturers of low-voltage electric machines in this country.

Unbalance of Industrial Capital

One of the unwelcome characteristics of Japanese enterprises after the war is the shortage of owned capital. The Japanese economy was stripped of its past capital accumulation through the defeat in the war, but the postwar recovery was swift and energetic. With the recovery period now ended, the production capacity has been enormously aggrandized and the technical standard has been sufficiently elevated to the international level. In the interim, how were the necessary industrial funds supplied? Let us make a brief study of noteworthy features in this respect on the basis of Table 1.

Industrial funds before the Pacific War were procured mostly on the basis of owned capital, chiefly through stock issues. In those days, enterprises depended on owned capital to the extent of about 90.0% of required fund supplies with 40.0% thereof through stock issues. After the war, however, the weight of loaned capital has markedly increased, and dependence on loans from banking institutions and financial funds has become conspicuous. Relative to funds dependent on owned capital, fixed assets after the war were revalued to suit the progress of postwar inflation, and the amount of assets depreciation has increased, but the size of external loans has been notably enlarged while the acquisition of capital through stock issues has been restricted. For example, dependence on external loans in fiscal 1959 stood at 58.5%, of which borrowings from banking institutions reached 47.1%. In contrast, owned capital accounted for 41.5% with stock issues accounting for only 8.9%. Because of the change in the method of acquiring funds, the composition of capital in Japanese enterprises has been reversed as compared with prewar, as shown in Table 2. Before the war, owned

1. Industrial Fund Supplies

Actual Amounts	1934-36 Average	1951	1955	1956	1957	1958	1959
Own Capital—							
Stocks	996	728	863	2,567	2,417	2,160	2,200
Reserves	571	1,620	2,320	3,520	2,600	2,120	2,600
Depreciation	693	1,480	3,360	4,280	5,360	5,910	6,300
Subtotal	2,260	3,828	6,543	10,367	10,377	10,190	11,100
Loaned Funds—							
Financial Funds	15	816	1,033	1,034	1,556	1,573	1,850
Borrowings from Banking Organs	237	6,162	6,162	13,787	11,534	13,599	12,600
Debentures	8	334	332	748	354	842	1,200
Subtotal	260	7,312	7,527	15,569	13,444	16,014	15,650
Total	2,520	11,140	14,070	25,936	23,821	26,204	26,750
Percentage Comparison							
Own Capital—							
Stocks	39.5	6.6	6.1	9.9	10.1	8.2	8.9
Reserves	22.7	14.5	16.5	13.6	10.9	8.1	9.7
Depreciation	27.5	13.3	23.9	16.5	22.6	22.6	23.6
Subtotal	89.7	34.4	46.5	40.0	43.6	38.9	41.5
Loaned Funds—							
Financial Funds	0.6	7.3	7.3	4.0	6.5	6.0	6.9
Borrowings from Banking Organs	9.4	55.3	43.8	53.2	48.4	51.9	47.1
Debentures	0.3	3.0	2.4	2.9	1.5	3.2	4.5
Subtotal	10.3	65.6	53.5	60.0	56.4	61.1	58.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: Value in million yen for 1934-36 annual average; in ¥100 million for 1951 through 1959.
Source: Finance Ministry.

2. Composition of Assets & Capital

	Japan				
	1934-36 Average	1951	1959	U.S. 1956	Britain 1958
Assets—					
Floating Assets	31.0%	55.9%	44.3%	36.1%	53.3%
Fixed Assets	69.0	44.1	55.7	63.9	46.7
Total	100.0	100.0	100.0	100.0	100.0
Capital—					
Borrowings—					
Short-term	—	16.5	18.6	1.1	3.5
Long-term	4.5	9.8	16.1	1.2	8.8
Debentures	16.6	4.3	4.5	20.3	2.7
Others	18.2	32.7	28.3	16.9	25.7
Subtotal	39.3	63.3	67.5	38.5	40.7
Net Worth—					
Capital	46.3	6.4	14.1	25.2	26.5
Others	14.4	30.3	18.4	35.5	32.8
Subtotal	60.7	36.7	32.5	61.5	59.3

Source: Mitsubishi Economic Research Institute.

capital stood at 60.0% against 40.0% of debts, but the ratios after the war have changed to 35.0% for the former and 65.0% for the latter. The weight of capital, which stood at 46.3% before the war, has been reduced to around 14.0%.

On the list of external liabilities, the ratio of debentures (as a long-term and stable portion of liabilities) has declined to about 4.0% from prewar 16.0%, indicating the pivot of the capital composition to long and short-term loans from banking organs. What, then, were the major reasons compelling the adoption of such a fund-raising formula? Principal factors were as follows.

1) As the accumulation of currency capital was slow in progress after the loss of accumulated capital and under the impact of runaway inflation, the postwar recovery operations had to depend largely on the expansion of financial investments and the capacity of the central bank to create credit; 2) In the progress of inflation, it was more advantageous for enterprisers to rely on loans; 3) inflation, when it reaches a certain advanced level, would obstruct the growth of national economy. To cope with such a development, the "Dodge Program" was adopted to stem the progress of inflation by financial manipulations. To substitute financial loans and investments markedly dwarfed by the diminution of the budgetary scale, the formula of supplying industrial funds through the formula of "overloans" at banking institutions was adopted. In the case of banks, this meant smaller deposits and larger loans. In some cases, deposits were larger than loans, but only marginally. As a result, the liquidity of banking institutions has been lost, money rates have soared abnormally, and the money rate structure has undergone a drastic change as compared with prewar, as noted in Tables 3 and 4. As another reason for the smaller amount of capital through stock issues, the greater advantage of the taxation system to banking institutions cannot be overlooked. Because of the excessive impact of the corporate tax, enterprises have become less eager for the replenishment of owned capital as another deterrent. It is in these circumstances that the securities market in these several years has been unable to further elevate its position. As stocks have been more widely distributed among the masses as compared with prewar, however, stock transactions have been comparatively active, and the business scale of securities merchants (including the "Big 4"—Nomura, Nikko, Yamaichi and Daiwa) has been remarkably enlarged.

3. Changing State of Overloans

Year	Deposits at All Banks (A)	Loans at All Banks (B)	B/A (%)	Borrowings of All Banks	Of Which from Bank of Japan
1948	4,602	3,813	78.5	559	487
1949	7,158	6,791	94.9	907	855
1950	9,542	9,947	104.2	1,472	1,354
1951	14,374	15,178	105.6	2,201	2,033
1952	20,574	21,280	103.4	2,387	2,126
1953	25,884	26,713	103.2	3,203	2,890
1954	29,394	29,120	99.1	2,563	2,325
1955	35,802	31,958	89.3	859	297
1956	44,197	40,662	92.0	2,131	1,271
1957	50,169	50,245	100.1	5,829	5,420
1958	60,747	58,129	95.7	4,233	3,525
1959	64,614	68,028	105.3	4,684	3,052

Source: Compiled by the *Oriental Economist.*

4. Money Rates in 1936 & 1959

	End of 1936	End of 1959
Official Discount Rate (Bank of Japan)	3.29%	7.30%
Average City Bank Rate on Loans	4.58	8.11
City Bank Interest on Time Deposits	3.30	6.00
City Bank Interest on Deposits at Call	2.19	2.92
Call Rate (Overnight)	2.95	8.40
Yield on Gov't Bonds	3.71	6.32
Yield on Corporate Bonds	4.38	8.64
Average Share Dividend	9.44	13.54
Average Share Yield	5.64	4.70

Source: Compiled by the *Oriental Economist.*

Scale of Securities Market

In sum, it may be said that the scale of the Japanese securities market is notably smaller than the scale of her national economic growth, as noted in the comparisons of prewar and postwar figures given in Table 5. The average annual national income in the prewar years (1934-36) stood ¥14,400 million, while the national income in fiscal 1959 registered ¥9,678,000 million. Adjusted to the commodity price levels in 1934-36, however, the 1959 income comes to stand at ¥27,800 million, or an increase of 93.0% over the prewar average. In the same comparison (with price levels adjusted), the amount of Bank of Japan note

5. Japanese Capital Market Postwar vs. Prewar

	1934-36 Average (¥ mil.) (A)	1956 (¥100 mil.)	1959 (¥100 mil.)	Converted in Terms of 1934-36 Value* (¥ million) 1956 (B)	Converted in Terms of 1934-36 Value* (¥ million) 1959 (C)	Comparison with 1934-36 Average B/A	Comparison with 1934-36 Average C/A
Distributive National Income	14,400	73,106	96,780	20,421	27,810	142%	193%
Note Issue	1,753	7,849	10,294	2,193	2,955	125	169
Budget Expenditure*	2,217	10,692	14,982	2,987	4,301	135	194
Postal Savings Balance	3,346	6,652	9,170	1,858	2,632	56	79
All Banks Account (D)	13,182	47,643	74,137	13,309	21,304	101	161
(L)	9,116	40,662	68,028	11.359	19,529	125	214
Life Insurance Contracts	12,658	28,464	52,222	7,952	14,992	63	118
Banking Bonds (Balance)	1,921	4,098	8,234	1,145	2,366	59	123
Industrial Bonds (Balance)	2,675	2,849	5,397	796	1,551	29	58
Capital of Stocks Listed with Tokyo Securities Exchange	4,043	7,622	14,934	2,129	4,291	48	98
Turnovers of Tokyo S.E.	9,677	8,159	37,081	2,279	10,665	23	110
Turnovers at Securities Exchange in Japan	27,952	13,405	55,889	3,744	16,060	13	57
Current Value of Stocks Listed with All Securities Exchange in Japan	18,910	17,047	37,770	4,762	10,853	25	57

Note: *Conversion into 1934-36 value made on the basis of the Wholesale Price Index of the Bank of Japan by deflating at the following rate—1956 at 35,793.8; 1959 at 34,834.7. All Bank Accounts—D..Deposits: L..Loans.

Source: Finance Ministry.

issue, the financial scale and the size of deposits and loans by all banks throughout the country are also noted to be eclipsing the corresponding prewar figures by far. Industrial production, including mining and manufacturing, is about three times greater than prewar and the living standard in the urban and suburban areas is also 30.0–40.0% higher. The growth of the securities market in the interim has been extremely belated in comparison. The daily volume of turnovers at the Tokyo Securities Exchange alone has barely reached the prewar level, while the transactions at other securities exchanges in key cities are still far smaller. In other words, the Japanese securities market has just started its march toward a new expansion, and the normal growth of transactions is yet to come, promising a higher position in Japan's economic operations.

Status Quo of Securities Market

Let us now touch briefly upon the present state of

the Japanese securities market.

a) Stock Market as an Issuing Market:—As noted in Table 6, the expansion rate of stock capital in Japan was especially active in 1951 through 1954 and from 1956 to 1957. In the former period, capital expansions for industrial reconstruction and adjustment programs were in full swing and bulky reserves from revalued assets into capital by share dividends were active. In the latter period, money was extremely easy and capital increase projects were brisk at the request of banking organs. As a whole, however, the average annual expansion rate of capital stood at about 30.0%. With the total amount of paid-up capital at the end of 1959 registered at ¥1,400,000 million, the ratio to the total amount of assets used stood at about 14.0% (as compared with 46.0% in prewar). Placing the normal ratio of paid-up capital to total assets used at 40.0% at present, therefore, the present size of paid-up capital is ¥2,600,000 million short, and enterprisers are dependent on loans from banking institutions for this shortage, In any way, the securities market as an issuing market is extremely narrow as compared with prewar.

6. Expansion of Capital of Companies With Shares Listed With the Tokyo Securities Exchange

(In million yen)

	No. of Firms	Total Capital (End of Year)	Capital per Firm	Increase over Preceding year (%)
1949	519	76,372	147	—
1950	581	117,362	202	37.4
1951	553	154,198	279	38.1
1952	571	235,142	412	47.7
1953	586	362,833	612	48.5
1954	592	479,291	810	32.4
1955	591	570,518	965	19.1
1956	597	765,442	1,282	32.8
1957	602	998,804	1,661	29.6
1958	599	1,183,633	1,976	19.0
1959	602	1,393,909	2,315	11.7

Source: Finance Ministry.

b) Buyers at the Securities Exchange:—As stated elsewhere, the distribution of stocks in the securities market has markedly changed after the war by a series of postwar measures such as the dissolution of the Zaibatsu and the enactment of the Anti-Monopoly Law side by side with the progress of the "securities democratization" movement. Thus, more stocks have come into the holdings of the masses. For instance, the number of individual shareholders at the end of March, 1959 reached 9,710,000, or about six fold the corresponding number of 1,670,000 at the end of March, 1946. In the amount of shares classified by shareholders, the picture is different, as noted in Table 7. The volume of shares possessed by individual owners, which stood at 53.1% of the total at the end of March, 1946, rose to 61.3% at the end of March, 1951, but declined to 49.1% at the end of March, 1959, indicating that shares have again begun to flow back to monetary institutions and giant companies because of the drop of the relative weight of the securities market. Although the start of investment trust in 1951 may be held partly responsible for this trend, the steady concentration of capital to larger enterprises through the alleviation of the Anti-Monopoly Law is considered a more dominant factor in view of the sharper advance of the ratio of stocks owned by "Other Corporations" in Table 7. Nevertheless, the phenomenal increase in the number of individual share owners is the basic reason for the general and superficial impression that the securities market has been extremely brisk despite its dullness as an issuing market.

7. Distribution of Stocks

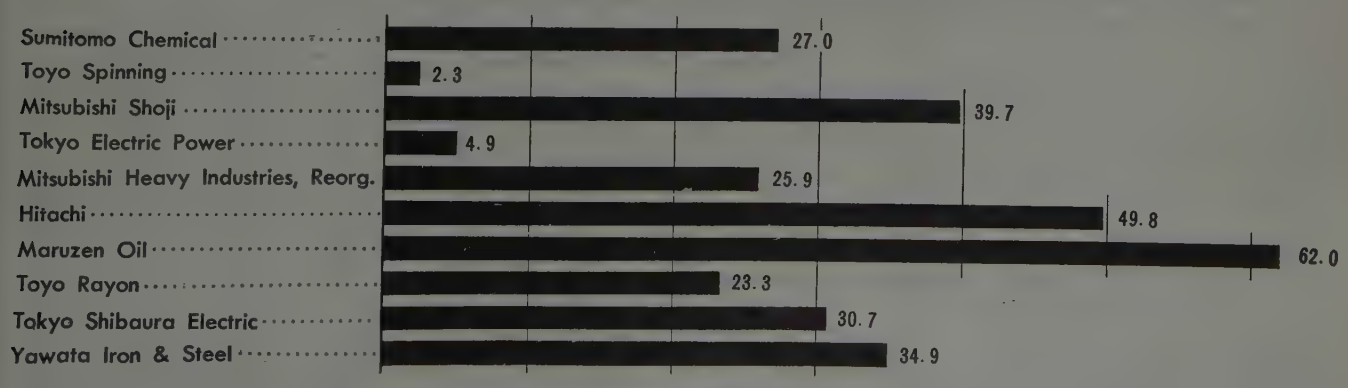
By Owners (In 1,000,000 shares):

	March, 1946	March, 1951	March, 1955	March, 1959
Banking Organs	50 (11.2%)	325 (12.6%)	2,212 (23.7%)	6,531 (29.0%)
(of which Investment Trust)	—	—	650 (7.0)	1,484 (6.6)
Securities Merchants	12 (2.8)	307 (11.9)	661 (7.1)	987 (4.4)
Other Corporations	109 (24.7)	285 (11.0)	1,359 (14.5)	3,758 (16.7)
Individuals	235 (53.1)	1,582 (61.3)	5,056 (54.0)	11,046 (49.1)
Total*	443 (100.0)	2,581 (100.0)	9,356 (100.0)	22,519 (100.0)
By Scale of Owners (In 1,000 persons):				
Shares possessed				
Under 100	1,150 (67.2%)	1,296 (27.0%)	1,006 (12.1%)	816 (8.3%)
100—499	471 (27.5)	2,627 (54.7)	4,392 (52.9)	2,302 (23.3)
500—999	47 (2.7)	479 (10.0)	1,481 (17.8)	2,935 (29.7)
1,000—4,999	37 (2.2)	354 (7.4)	1,299 (15.6)	3,515 (35.6)
5,000—9,999	4 (0.2)	21 (0.4)	122 (1.5)	299 (2.9)
Over 10,000	4 (0.2)	24 (0,5)	10 (0.1)	20 (0.2)
Total	1,713 (100.0)	4,800 (100.0)	8,310 (100.0)	9,887 (100.0)

Note. * Including other owners.
Source: Finance Ministry.

c) Role of Investment Trust:—The start of investment trust in 1951 came as a big stimulant to the stock market and led to the appearance of a new stock term "investment trust quotations." Investment trust has so far played a big part in the advance of share prices, although the growth of investment trust transactions was temporarily hampered in 1954 to 1955 under the impact of the deflation policy in operation since 1953. As shown in Table 8, however, the growth of investment trust has otherwise

10 Representative Companies. (Multiplications on Original Shares)



Note: The same method of calculation used in compiling above chart as "10 Biggest Earners."

8. Movement of Principal of Investment Trust Transactions

(In ¥100 million yen)

	Established	Cancelled	Redeemed	Outstanding Balance
1951	133	7	0	126
1952	336	80	4	378
1953	600	172	41	764
1954	241	123	97	786
1955	264	318	136	595
1956	514	272	160	677
1957	925	162	72	1,369
1958	1,064	257	79	2,097
1959	1,825	589	32	3,301

Source: Investment Trust Association.

been smooth with new establishments in 1958 through 1959 well eclipsing ¥100,000 million. The latest growth of investment trust is partly attributable to the start of this business by several minor securities merchants since 1958 while the "Big 4" (Nomura, Yamaichi, Nikko and Daiwa) were monopolizing the business until then. It is also noted that the course of investments by the general public has been directed partially but more notably to the stock market through investment trust. The weight of investment in the stock market as of the end of December, 1959 stood at 7.2% of the total amount of shares in circulation as compared with 6.6% at the end of March in the same year. The ratio of the total current value shares incoporated into investment trust transaction to the total current value of listed shares, which was comparatively low in the initial stage, has come to exceed 8.0% in recent months as noted in Table 9. Investment trust transactions were particularly active in 1954 and 1958 with 1954 dealings reaching about 14.0% of the total amount of turnovers on the stock market. In 1959, the stock transactions by the masses made a phenomenal increase, and the weight of investment trust accordingly slipped, but the total value of investment trust subscriptions in that year reached an all-time peak at ¥518,600 million.

d) Movement of Share Prices:—With reference to the transition of share quotations after the war, it is noted that the Dow Jones Average at the Tokyo Securities Exchange has continued to make an energetic advance throughout with the exception of intermittent dullness in 1949–50,

9. Weight of Investment Trust

Year-End	Listed Shares and Investment Trust: Million Shares L.S. (A)	I.T. (B)	B/A (%)	¥100 Million L.S. (C)	I.T. (D)	D/C (%)	*Turnovers & I.T. ¥100 Million Turnovers (E)	I.T. (F)	F/E (%)
1951	3,299	134	4.0	2,291	127	4.2	1,694	131	7.8
1952	4,949	336	6.8	7,174	467	6.5	13,849	670	4.8
1953	7,361	565	7.7	8,076	684	8.5	20,093	1,254	6.2
1954	9,369	701	7.5	8,760	676	7.7	7,499	1,089	14.5
1955	10,950	519	4.7	12,132	638	5.3	8,844	996	1.3
1956	16,039	530	3.3	18,262	693	3.8	26,810	1,225	4.6
1957				17,173	914	5.3	31,575	1,768	5.3
1958	22,427	1,432	6.4	26,039	1,904	7.3	47,807	3,449	7.2
1959	27,384	1,965	7.2	38,205	3,091	8.1	111,778	5,186	4.6

Note: * Turnovers at all securities exchanges throughout country.
Source: Investment Trust Association.

1954 and 1958. Although the fluctuations of stock quotations have followed the movement of business transitions, the normal gain of the prices so far was undeniably supported by active investments in full expectation of the sound growth of the Japanese economy, including the growth of stocks themselves. As stated elsewhere, stock capital in Japan is still excessively small, signifying that there is the dormant demand for capital expansions through stock issues. Although it is legally possible in Japan to issue shares at current prices or at the non-par levels for capital expansions, such steps are seldom taken under Japanese business usages, as new stocks by capital expansion are usually alloted to existing shareholders at par. In other words, such new stocks always carry some "capital expansion premiums." The shortage of stock capital means in other words the corresponding existence of such capital expansion premiums. This is one of the cardinal factors contributing to the growth potential of stocks, resultantly serving to enhance stock-buying propensity and to help raise the stock quotations. In view of the possible advance of the Japanese economy and Japanese enterprises in general into the international limelight parallel with the liberalization of trade, exchange and capital, stocks of industries well competitive on the international markets have begun to attract the attention of investors, both Japanese and foreign. Thus, it may be said that the Japanese securities market today is standing at a new turning-point.

10. Share Prices, Total Current Value, Yields, and Dividends of Stocks Listed with Tokyo Securities Exchange

Year-end	Share Prices (225 Pivotals in Yen): Dow Jones Average	Simple Average	Total Current Value: Listed Shaes: Capital (¥ 100 million)	Number (million shares)	Current Value: Total (¥ 100 million)	Per ¥50 (Yen)	Yields and Dividends: No. of Listed Companies	Average Share Price of Dividend-Giving Companies (Yen)	Average Dividend Rate of Dividend-giving Companies (%)	Average Yield (%)
1949	149.95	128.85	752	1,549	1,220	81.06	518	89.96	12.18	6.77
1950	101.73	74.00	1,135	2,316	1,688	74.37	560	73.15	13.94	9.53
1951	136.10	93.80	1,480	2,912	2,568	86.72	568	89.76	21.38	11.91
1952	245.67	124.08	2,308	4,446	6,408	139.08	564	130.69	25.75	9.85
1953	390.90	156.05	3,593	6,651	8,467	117.83	584	150.12	22.34	7.44
1954	340.79	110.94	4,747	8,569	7,432	78.28	595	104.67	19.77	9.44
1955	374.00	108.17	5,656	10,110	10,576	93.49	591	109.21	17.39	7.96
1956	485.33	126.43	7,622	13,935	16,404	107.61	594	123.67	16.53	6.68
1957	535.57	114.10	9,968	15,298	16,748	84.00	598	107.91	15.42	7.14
1958	571.97	110.36	11,822	21,222	23,227	98.23	600	107.15	14.27	6.88
1959	923.78	152.36	14,937	24,297	37,770	135.50	602	144.19	13.54	4.70

Source: Tokyo Securities Exchange.

Capital Liberalization & Stock Market

The Japanese stock market since the start of 1960 has been evolving virtually around the problem of capital liberalization. With capital transactions liberalized sooner or later, traders in general are expecting an active inflow of foreign capital to Japan in pursuit of Japanese stocks. It is in this expectation that traders in the Japanese stock market have been chasing the so-called "international issues" to the eventual rise of sharp share price fluctuations. Some of the latest developments of the capital liberalization problem with special reference to the movement of the stock market are reviewed in this article.

International Capital Exchange

The increasing importance of early capital liberalization first came into the concrete limelight at the time when a roundtable business conference was held between U.S. and Japanese financiers in Tokyo for six days from November 23, 1959. Participating in this conference were about 60 executives of well-known American companies including General Electric, RCA, Lockheed and Remington-Rand, and just as many financiers from Japan with Prime Minister Nobusuke Kishi at the helm. What surprised the Japanese participants then was the keen interest shown by the American counterparts in investment in Japan. With this conference as a major stimulant, Japanese political and financial circles have begun to pay closer attention to the problem of capital liberalization. It was, however, in the early part of 1960 that the capital liberalization problem took concrete shape. At a meeting of the Cabinet Ministers in charge of economic operations held on January 5 to discuss the problem of trade and exchange liberalization, International Trade and Industry Minister Hayato Ikeda stressed the need of alleviating restrictions on investments in Japanese stocks by foreigners.

"Internationalization" of Stocks

There is no doubt that the increasing trend toward internationalization on the stock market was largely responsible for Mr. Ikeda's proposal. At present, capital transactions in Europe are completely free only in West Germany and Switzerland, but other European countries are heading toward decontrolling capital transactions, and complete liberalization is expected to be realized in countries participating in the European common market. In Britain, capital transactions are partially restricted, but the mutual transfer of blocked sterling certificates is left free, and the rate is subject to minor discounting. Thus, capital transactions are practically unrestricted in Britain, and the complete liberalization of the pound sterling is expected in the near future. Well reflective of the rising tide toward capital liberalization throughout the world, the path is being steadily paved for internationalization of stock markets. Investment trust operations on an international scale have already been inaugurated, and international exchanges by financiers and securities merchants have become more frequent. It was against this background that Mr. Ikeda made his statement urging the early lifting of restrictions on stock investments by foreigners.

Visits of American Financiers

In expectation that the acquisition of stocks by foreigners in Japan will be freed sooner or later, foreign investors have come to visit Japan in increasing numbers, particularly financiers and securities merchants from the United States. More important visitors from the United States were Mr. Walker, director of Smith-Barney Co. who arrived here in late 1959. On January 16, this year, Mr. Eymes, director of Kidder-Peabody Co. arrived, followed by Mr. Jevoice, vice-president of Dillon, Read & Co. arriving here on January 26. But the most important of such visitors was a group of 21 representatives of noted American financial institutions which visited Japan on May 8 at the invitation of three Japanese financial bodies—the Federation of Economic Organizations, the Japan Chamber of Commerce and Industry, and the Bond & Debenture Underwriters Association. The visit of the American financiers was originally planned by Tsunao Okumura, chairman of Nomura Securities Co., Ltd., who considered that spot surveys of Japanese industries by American financiers would accelerate capital transactions between the United States and Japan. This group of American financiers had closs talks with Japanese political and financial leaders and made personal visits to key industrial plants in Japan in groups. At the time of the departure of the main group for the United States on May 18, the spokesman of the group stressed that they are well interested in enterprises under efficient management and with rich growth potentials, but the proper revision of regulations to enable the smooth inflow of foreign capital is the first prerequisite. Although the visit of the American financiers group did not prove immediately effective for activating the induction of American private capital into Japan, there is no doubt that it will serve as a pump-priming step for the closer economic collaboration between Japan and the United States in the long run.

The growing interest in investment in Japan by foreigners is also based on the superiority of specific Japanese techniques, many of which have attained the international levels. The lost cost of labor in Japan is another attraction to foreign investors. The attempt to combined abundant capital of the United States and the low-costing and efficient labor of Japan is in a sense a natural demand of economy. In this connection, it is noted that some leading companies have begun to express the desire to acquire the shares of Japanese companies either directly or indirectly. The rumored tieup between Ford Co. and Toyota Motor and the reported technical tieup between du Pont and Showa Denko are a few of such examples. As a noteworthy tendency in this connection, those foreign companies are expressing the stronger desire to participate in management and capital of Japanese companies in ad-

dition to simple royalty payments in return for technical assistance. The "Big 3" steel companies (Yawata Iron & Steel, Fuji Iron & Steel and Nippon Kokan) are reported planning to invite private capital from the United States in view of the possible hard sledding in negotiations for loans from the World Bank. In such transactions, the American side is reported desirous of having conversion bonds floated.

Japan's Foreign Capital Induction

(In $1,000)

Year	Technical Tieup Contracts (Cases)	Stock Investments	Beneficiary Certificates	Corporate Bonds	Loans	Total
1950	27	3,150	—	—	—	3,150
1951	101	13,326	—	—	4,026	17,852
1952	133	10,123	146	25	34,457	44,751
1953	103	5,002	562	—	49,362	54,926
1954	82	3,970	58	—	15,279	19,307
1955	72	5,101	52	7	47,054	52,214
1956	144	9,520	115	15	93,652	103,302
1957	118	11,490	128	—	123,979	135,597
1958	90	11,350	116	28	231,473	242,967
1959*	105	19,022	156		82,136	101,314
Total	975	92,020	1,408		681,418	774,846

*April through December.
Source: Compiled by the Oriental Economist.

Restrictions on Alien Investments in Stocks

Investments by foreigners in Japanese stocks are still subject to strict restrictions under the Foreign Investment Law. Prior to the enforcement of the Foreign Investment Law, the Foreign Exchange Control Law, supplemented by various ordinances and by-laws, was sufficient to control foreign investments, but the Foreign Investment Law was finally enforced from May, 1950 in view of the pressing demand for foreign capital induction at that time. The Foreign Investment Law has three specific features, namely: 1) Strict screening; all cases of foreign capital induction are strictly screened from the two major points—whether it will contribute to the improvement of the international payments balance; and whether it will contribute to the growth of key industries: 2) Guarantee of remittance; for foreign capital allowed to be inducted under the law, future foreign currency remittance is guaranteed, a privilage not often given in foreign countries: 3) Protection of foreign capital; In case the Government or local public bodies happen to expropriate foreigners assets, measures are taken to enable the remittance of equivalent within the period of one year after such expropriation.

The Foreign Investment Law, since its inauguration, been revised four times, including the revision of operating methods.

Existing restrictions on the acquisition of Japanese stocks by foreigners are roughly as follows:

1) Any cases requiring the guarantee of remittance overseas, inclusive of dividend and principal, that is, any cases necessitating equivalent in foreign currency, are subject to the Government's permission:

2) The ratio of stocks in "restricted industries" (see note 1) to be acquired by foreigners are informally restricted to less than 5.0% of the total amount of issued capital shares and to less than 8.0% in unrestricted industries. Although this restriction is not absolutely binding, but the application within that range is almost automatically licensed by the Government. Any application for the acquisition in excess of these set frames is studied case by case. The ratio of shares to be acquired through technical tieup contracts is considered acceptable at around 30.0%: 3) Those not requiring the Government approval (that is, requiring no remittance guarantee) are: (a) designated foreign investors (see note 2) when buying shares in unrestricted industries; and (b) new shares by capital expansion or upon establishment: 4) The Government approval is necessary even in cases where the remittance guarantee is dispensable: (a) acquisition of old shares by foreign investors not designated; and (b) acquisition of old shares in "restricted industries" by designated foreign investors: 5) Remittance of share dividend should be made within three months: 6) Remittance of principal should be made by instalment over the period of five years after the lapse of two years following payment.

Such restrictions are applicable to the acquisition of Japanese stocks or the remittance of principal or dividend by foreign currency. No restrictions are applied to the purchase of stocks or the receipt of dividend in Japanese yen. Existing restrictions may be more plainly shown by chart, as follows:

1. Remittance overseas wanted

(unconditionally permitted by the Foreign Investment Law)

Investor	Currency	Old Stocks	New Stocks
All Foreign Investors	Foreign	Approval needed	Approval needed
	Japanese	Banned	Banned

2. Remittance Guarantee not wanted:

Investor	Currency	Old Stocks	New Stocks
Designated Foreign Investors (A)	Foreign	Free	Free
	Japanese	Free	Free
(B)	Foreign	Approval needed	Notification needed
	Japanese	Approval needed	Notification needed
Other Foreign Investors	Foreign	Approval needed	Notification needed
	Japanese	Banned	Notification needed

Note: (A) . . Non-restricted industries;
(B) . . Restricted industries.

Alleviation Measures Expected

For full-fledged liberalization of trade and exchange, it is considered necessary to totally revise the Foreign Exchange and Trade Control Law and the Foreign Investment Law. The Technical Committee for the Revision of the Foreign Exchange and Trade Control Law held 12 sessions in 1959 to study the revision bill on the basis of suggestions from the competent Ministries, but no concrete conclusion has as yet been reached. Still more doubtful is the revision of the Foreign Investment Law. The Ministry of International Trade & Industry claims that in the case of the revision of the Foreign Investment Law it is necessary to enact a supplementary law such as

Note: 1. Restricted industries designated by Article 4 of Cabinet Order No. 221-19 are as follows: Water supply; local railroads; tramways; trust; banking; surface transportation; express business; fisheries; broadcasting; mining; port & harbor; road transportation; mutual banking; long-term credit banking; air transportation; electric power; gas and foreign exchange banking. In other words, major public utilities, natural resources and banking enterprises: 2. Designated foreign investors are the nationals of Formosa, Finland, West Germany, Greece, India, the Netherlands, Sweden, Switzerland, Thailand, Britain, the U.S., Uruguay, Yugoslavia, Norway and France).

the external economy law in operation by West Germany to legalize a new control policy suitable for coping with liberalization. The introduction of such a law exclusively applicable to foreign economic operations, however, is difficult because of the existence of the U.S.-Japan Treaty of Commerce and Navigation (signed in October, 1953 and to remain effective until October, 1963). Hence, the revision of the Foreign Investment Law is considered unlikely, at least for the time being.

The Ministry of International Trade & Industry, nevertheless, is planning to push liberalization measures within the existing framework of the Foreign Investment Law, although no immediate revision of the law itself is to be expected. Some of such liberalization measures are expected to be realized in during the month of June. Included in such measures are: 1) Easing of restrictions on acquisition of stocks - The acquisition of Japanese stocks of 19 "designated" industries including electric power, gas and banking by foreigners is at present restricted to 5.0% of the total amount of issued stocks and 8.0% in other undesignated industries. The acquisition restriction will be alleviated to 10.0% and 15.0%, respectively: 2) Alleviation of re- strictions on remittance of principal—Under the present law, remittance of principal invested by foreigners is required to be left intact for the period of two years, and then to be made by equal instalment in the following five years. The remittance period will be shortened to three years: 3) Alleviation of the restrictions on the acquisition of debentures and other beneficiaries—The approval by the Bank of Japan alone will be made sufficient for the aquisition debentures, beneficiaries of loan trust and investment trust which amount to less than $ 10,000 per annum per case.

Meanwhile, some of the adverse effects which are feared to come in the wake of the expected liberalization of capital transactions are: 1) Whether there is not the risk of the right of management being seized by foreign investors; 2) The possible advance of large overseas enterprises to Japan to beat similar Japanese industries, particularly under management by smaller enterprisers; and 3) The worsening of the international balance of payments. Taking up the problem of management right alone, the situation is not simple. With directors of companies required to hold 25.0% of the total amount of paid capital, the extended frame of alien aquisition at 20.0% may still be a safety line, but the acquisition of Japanese shares by the Japanese yen is left unrestricted, and it is not difficult for foreign investors to control the total amount of shares of a certain company through this channel. The recent attempt by Nestle, a noted food products company in Switzerland, to issue registered shares in an endeavor to restrict the maximum amount of shares to be possessed by foreign investors to one-third of total shares may be taken as a step for protection of the management right. It is because of the complete ambiguity of the extent of such adverse effects that the Government is apparently finding it difficult to draft a concrete schedule for liberalization. Another obstacle in the way of proper counter-measures to be taken is the existence of the U.S.-Japan Treaty of Commerce and Navigation which re-

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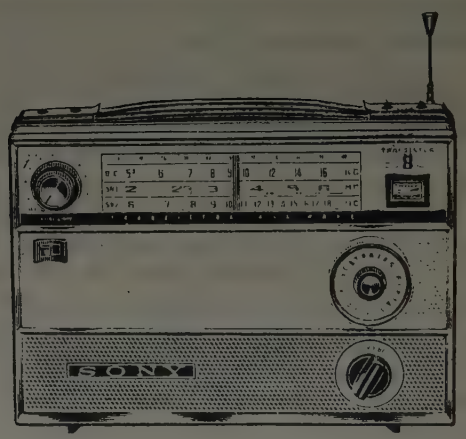

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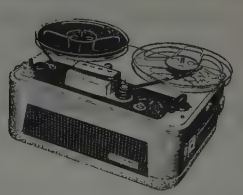

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Pending the probable revision in 1963, the treaty is understoodly patterned after the like U.S. treaty with Colombia, and it is generally hoped that it may be so revised as to liberalize capital exchanges between the two countries as much as possible with controls left only under inevitable circumstances as in the case of a similar treaty between the United States and West Germany. The existing treaty between Japan and the United States carries many provisions expressed in abstract terms, and the meanings of many articles are ambiguous. As treaties take precedence of domestic laws, however, the fundamental revision of the Foreign Investment Law is difficult without the prior revision of the treaty under review. Hence, any easing of existing restrictions will only be confined to technical details not enough to spur the immediate inflow of foreign capital.

Marketing Japanese Stocks in the U.S.

Meanwhile, the marketing of Japanese stocks in the United States is being suggested, although the executives of the companies whose shares are considered qualified for the U.S. market are apparently less interested. The Ministry of Finance and leading securities merchants are studying the depositary receipt system (now in operation in the United States) as an acceptable formula for marketing Japanese shares in the United States. Under this system, Japanese stocks to be sold on the U.S. market are first accepted by American banks, and depositary receipts to be issued by such banks are transacted on the market, thus enabling foreign investors to receive dividends or sell their receipts in foreign currency without difficulty. Stocks of foreign companies transacted on the U.S. market, chiefly those of Britain, West Germany and the Netherlands, are mostly marketed under the depositary receipt system, and this system will be suitably applied to Japanese stocks, at least at the start. Opinion on the feasibility of marketing Japanese stocks in the United States is divided. Those pessimistic over the outlook opine that 1) Expenses including the fee for custodying original certificates and taxes will reach a large total, and it would be difficult to make both ends meet when transactions are conservatively limited; and 2) The sales through the U.S. stock markets or the New York Stock Market will be difficult because of various specifications, although transactions "over the counter" may be simple. Those in favor of the proposal take a positive view that 1) The potential of Japanese business and industry is sufficiently recognized in the United States; 2) Transactions "over the counter" or at certain large expenses will be fully paying when viewed from the standpoint of international public relations; and 3) Hence, it is advisable to pave the way for the marketing of Japanese stocks in the United States first by the depositary receipt system. Although the problem has been actively discussed, the actual advance of Japanese stocks to the U.S. market is expected to take some time.

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Effects on the Stock Market

What will be the repercussions on the Japanese stock market if the existing restrictions on the alien possession of Japanese stocks are gradually lifted, even at a slow pace, and the tables are set for Japanese stocks to be marketed in the United States? There is no doubt that the volume of stock investments by foreigners will increase in expectation of full-fledged liberalization in the future. The revision of the Foreign Investment Law liberalizing remittances of both principal and interest, if realized, will enable the free exchanges of both long- and shot-term funds. It will be at that juncture that Japan's economic power is newly evaluated by foreign capital. With the high money rates as a major attraction, a comfortably active inflow of foreign capital may naturally be expected. The possible repercussions under the circumstances will be as follows: 1) Japanese money rates will inevitably forced to near the international levels to the eventual exit of high money rates. The effect of this development will be decisive, as the stock yields will be relatively raised for more chances of buying. The movements of share prices in West Germany and Britain in 1959 are eloquent instances: 2) The supply-demand balance of stocks will become more strained if the influx of foreign capital grows activated by livelier stock investments by foreigners. The exact amount of investments in stocks by foreigners is not easily ascertainable, but the Tokyo Securities Exchange reports that it has been moving between 1.6% and 2.0% of the total volume of issued shares since 1955. With a newer flow of capital investments likely, the supply-demand balance of stocks is bound to become further strained to offer a fresh stimulant to the soaring of share prices: 3) For the acceptance of investments from overseas, key industries will be called upon to rectify their capital compositions, to the increasing trend toward capital expansions: 4) Parallel with the activation of alien investments, the controversial problems like the elevation of the face values, the stock mergers and denomination will come again into the limelight.

Debut of "International Issues"

The list of Japanese stocks to play star roles after the liberalization of capital exchanges will become markedly restricted, as the stocks, popular among domestic traders before, may be left out of the race if they are not internationally qualified. In othe words, many growth stocks which have so far led the share price march will be subject to new and closer rescrutinies from international standpoints. Signs of such developments have already become apparent on the Japanese stock market, as stocks of future international potentials have come to be selectively chased as "international issues" since the start of

1960. Among them are tradings (such as Mitsui Bussan), petroleums, electric machines and potteries. No definite criteria may as yet been set for qualified "international issues", but the possible yardsticks may be as follows: 1) Companies enjoying high international reputation since before the war (such as Mitsui Bussan, Tokyo Marine, Bank of Tokyo, and N.Y.K.); 2) Companies well reputed on the domestic market which have already inducted foreign capital (such as Toa Nenryo, Nippon Light Metal, Mitsubishi Oil, Showa Oil, Koa Oil and Yokohama Rubber); 3) Companies technically advanced and having technical tieups with leading foreign firms (like Tokyo-Shibaura Electric and Fuji Electric); 4) Companies exclusively unique in technical advances and manufacturing products internationally reputed (like Sony, Mitsubishi Shipbuilding & Engineering, Nippon Toki, and Nippon Gaishi); 5) Giant companies already exhaustively studied by the World Bank for loans (such as Yawata Iron & Steel, Fuji Iron & Steel, and Nippon Kokan); and 6) Companies enjoying the sales of international scale (like Hitachi Works, Tokyo-Shibaura Electric, Yawata Iron & Steel and Fuji Iron & Steel). All those companies are considered thoroughly prepared to compete with any foreign interests.

The Japanese stock market has continued stiff with the soaring of the prices of the "international issues" at the helm, and the scheduled visit of President Eisenhower has further brightened the outlook. As of May 5, the Dow Jones average of the Tokyo Securities Exchange rose to a new high at ¥1,109, registering a gain of about ¥250 within a short period of about six months. In the interim, the climate at the stock market has grown somewhat adverse because of the heavier weight of credit buying transactions. With new restrictions imposed on credit buying transactions. With new restrictions imposed on credit transactions by smaller securities merchants, the average on May 10 made a sharp slip of ¥25.24, and a further dive was witnessed on May 17 following the rupture of the Summit Talks at Paris. The collapest on May 17 reached ¥36.74 (3.4%), the second sharpet in the history of the Tokyo securities exchange since the "Stalin collapse" of ¥37.81 on March 5, 1953. Noteworthy is the fact that well-known "international issues" were major losers with their declines, all exceeding 20.0%. The recession is expected short-lived, and they are certain to make sound recoveries with the return of buying operations sooner or later.

"Big Four" Securities Companies

Rapid growing in scale and gaining in importance in the course of Zaibatsu deconcentration and securities democratization since the war's termination, bond and stock underwriters, brokers and dealers have been bolstering their positions year after year as financing organs for provision of industrial funds. Their postwar rebirth and growth, however, has been no plain sailing at all, as they have experienced a series of kaleidoscopic changes in socio-economic conditions.

In the first place, their customers have changed in social status. In the early postwar years, when the currency inflation was turning from bad to worse and old society undergoing a revolutionary collapse, Zaibatsu family members, landlords, etc., who had thus far been major investors, suddenly disappeared from the scene, and they were replaced by a number of minor industrialists and merchants, or mushroom petty millionaires who had successfully capitalized upon the inflation spiral and social confusion. These new clients, however, could never enjoy long prosperity and solid stability because general economic conditions suffered from an endless cycle of ups and downs. In recent years, an increasing number of salaried people have come to invest in bonds and stocks.

Those underwriters, brokers and dealers, who have taken successful counter-measures to secure a large number of customers in accordance with ever-changing conditions and to rationalize office equipment and business management, have been enjoying steady development and consolidation. Especially remarkable has been the postwar progress of the leading securities companies, which operated their nation-wide networks of branches and agencies even before the war, i.e. well prepared to cope with the popularization of bond and stock investments, and which have successfully attracted to their counters an ever-increasing number of new clients. The biggest firms among them are Nomura, Yamaichi, Nikko and Daiwa, better known as the "Big Four" securities companies in Japan. They are really the symbol of stock democratization, i.e. channelling of funds in the pockets of the masses toward corporate bonds and stocks.

These interests practically predominate stock business. In terms of stock transactions, for instance, they account for more than three-quarters of the national total, leaving only one quarter for as many as 580 minor firms. In the case of bond and stock underwritings, their share is as high as 85%, and they comprise well over 90% of the total investment trust established in the whole country. Though their employees are less than one-third of the total labor force in this business, their revenues and profits come at more than one half of the nation's total. Such overwhelming predominance of theirs will become all the more conspicuous in the future, for they practically monopolize investment trust business, now the major channel of stock investments which will gain more importance than ever, and they are well able to bring into positive action all their organizations at all times, or in boom and in bust, particularly in the latter case to secure their very survival by all means.

The "Big Four" companies, after all, occupy such an overwhelming position that the story of the stock exchanges in Japan can never be a complete one without giving an account of their activities. Their histories, features and conditions are briefly described in the following pages (in alphabetical order).

Daiwa Securities Co.

Through the merger of Fujimoto Securities Co. and Japan Trust Bank (established in March, 1920), the Daiwa Securities Company Ltd. was formally incorporated in December, 1943, with a capital of ¥18.75 million, and took over all business activities of the two predecessors excepting the latter's banking business.

The history of Fujimoto Securities dates back to December, 1895, when Fujimoto Bank was founded. In May, 1902, Fujimoto Bill Broker Co. started the business of discounting bills for the first time in Japan as a private business of the Fujimotos. It was incorporated into a joint stock company in October, 1906, with its capital at ¥200,000, and renamed Fujimoto Bill Broker Bank in January, 1909, while Fujimoto Bank itself had been closed in December, 1906. Fujimoto Bill Broker Bank changed its name into Fujimoto Bill Broker Securities in January, 1933, and into Fujimoto Securities in July, 1942.

It is worthy of special mention that the Fujimoto interests actively pioneered in foreign bond investments. In May, 1942, Fujimoto Securities Co. was formally established in the United States as an overseas affiliate of the mother firm. Opening its offices in New York and Los Angeles, it acted as agencies for investments by Japanese residents there and for exports and imports of foreign bonds.

In July, 1937, the Fujimoto Security Investment Association was organized, which was a forerunner of investment trust business in Japan. As mentioned at the outset, Fujimoto Securities amalgamated itself with Nippon Trust & Banking in December, 1943; and its head office was moved from Osaka to Tokyo. In July, 1944, the Daiwa Securities absorbed Yoshikawa Securities and boosted its capital to ¥19.25 million.

In the early postwar years, the Daiwa Securities suffered a severe impact of the war. Its capital was reduced to ¥9,625,000 in July, 1948, in accordance with its business reconstruction and rehabilitation program. In the following month, however, its capital was increased to ¥50 million which was successively boosted six times in the following years, and as of April, 1959, it stood at ¥4,000 million.

In the mean time, the Daiwa Securities vigorously expanded and deversified in its business lines. Taking advantage of the promulgation in May, 1948, of the Securities Transactions Law, for instance, the company decided to undertake more actively than ever not only those lines under the purview of the new law but also some other businesses, such as investment trust, financing upon delivery of securities, custody and lending of securities, and other agency activities (calling-in of bonds and stocks, payment of principal and interest, etc.).

It is well known that, making a new start after the war, the investment trust has played a very important role for absorption of popular funds for security investments and democratization of bonds and stocks, especially the latter. As a pioneer in this business, the Daiwa Securities has been carrying out a positive policy with good success. Its open-end type investment trust is a unique business of its own creation and an ideal form of investment trust, devoid of any defect in the semi-closed type: it has been enjoying rapid development and wide popularity as its merits have come to be well recognized by the ever-increasing interest in the securities. It is also to be noted that the Daiwa Securities was the first company to introduce a system of installment investment in the open-end type investment trust.

When the Foreign Capital Law was revised in 1952 so that the restrictions upon foreign investments might be relaxed, the Daiwa Securities resumed its connections with Abraham & Co. of New York and other American interests, with whom the Fujimoto firm formerly had conducted business in a wide scale. It has since been offering services to foreign investors interested in Japanese securities.

In November, 1959, the company had 97 offices in all: namely, 30 in Tokyo (including the head office), 11 in Osaka, 55 in principal cities including Nagoya, Yokohama, Kyoto, Kobe, Fukuoka and Sapporo in Japan, and 1 in New York, U.S.A. These offices are connected with one another by teletype lines, and major offices operate service cars. Early in 1954, Daiwa Real Estate Co. was incorporated for construction of a new head office building.

It is characteristic of Daiwa's energetic management that it virtually pioneered in the use of service-cars for the customers and swiftly established the cob-web of tele-type systems throughout of the Company's multi-number branches.

Daiwa is also the publisher of a variety of booklets and brochures for the benefit of the customers. These include *the Daiwa Investment Inforemation* (bi-monthly); *Daiwa News* (weekly); *Daiwa Report* (monthly) and many others.

In the annual term from October, 1958, through September, 1959, the company dealt in 6,808,340,000 stock shares, underwrote 14,100,000 shares, handled ¥80.0 billion worth of bonds, and underwrote ¥87.6 billion worth of bonds. The investment trust establishment amounted to ¥20,950 million in 4,190,000 lots for closed-end type and ¥7,489.99 million in 1,100,000 lots for open-end type, or a combined total of ¥28,439.99 million, and the principal balance outstanding at the term end came at ¥52,-332.02 million (¥38,741.5 million for closed-end type and ¥13,590.52 million for open-end type).

As the result, revenues (sales profits, commissions, dividends, interest, etc.) reached ¥12,274.10 million, and the dividend was declared at 12% per annum.

Nikko Securities Co.

Nikko Securities Co. was brought into being in April, 1944, through merger of two old-timers in this line, namely Kawashimaya Securities and former Nikko Securities.

Kawashimaya Securities' predecessor was Kawashimaya Shoten, which started its business in July, 1918, as a private enterprise of Mr. Motoichi Toyama, now Chairman of Nikko Securities, and which was reorganized into a ¥3,000,000 joint stock company in April, 1920. It was in February, 1939, that Kawashimaya Shoten separated its securities department from its main business and established Kawashimaya Securities Co. (capitalized at ¥5,000,000). At the same time, it set up an overseas subsidiary in Manchuria, or Manchuria Kawashimaya Securities. In pursuance to the Government's wartime business adjustment policy, Kawashimaya Securities in October, 1943, absorbed the Manchurian affiliate and boosted its capital to ¥12 million.

The defunct Nikko Securities was created in June, 1920, as an affiliated institution of the Industrial Bank of Japan, with the then Governor H. Hijikata of the mother bank and ex-Minister of Finance Junnosuke Inoue as promoters. In business practice, it imitated the bond house and the sub-underwriter in the United States, and its original capital stood at ¥10 million. It specialized in public and corporate bonds. Subject to the wartime business adjustment policy, it absorbed Kyodo Securities (capitalized at ¥3,000,000) and became a ¥13,000,000 company.

It was under the Finance Ministry's guidance that these two firms in April, 1944, amalgamated themselves on an equal footing into a ¥20-million concern (¥13 million paid up) entitled Nikko Securities Co. Its head office was located at the former Nikko Securities' head office, and Kawashima Securities' head office was used as a Tokyo branch office of the new firm. With these two offices in Tokyo as head quarters, stocks, bonds, investment trust and all other businesses were conducted all over the country. Local branches were opened at many cities in the country. Cooperating with Manchuria Kawashimaya Securities, it played a key role for wartime provision of industrial funds in Japan and in the Continent.

On the occasion of Japan's surrender, the company suffered a huge amount of losses due to the forced relinquishment of wartime government indemnities and overseas assets. Undaunted by this misfortune, however, the company immediately set upon the post-war reconstruction and rehabilitation by pushing the democratization of the stock market which had hitherto been in the strong grip of Zaibatsu companies. The amazing thing is that in the course of this post-war confusion and rectonstruction, the Company maged to survive without resorting to such drastic measures as capital reductions or discarding of liabilities.

When the Securities Transactions Law was put in force, Nikko Securities bolstered its position as underwriters. Upon re-opening of stock exchanges, it became members of the Tokyo Stock Exchange and other exchanges, and its stock business rapidly expanded along with the popularization and development of security investments. The promulgation of the Investment Trust Law gave another stimulus: the company again took active part in the business, thereby channelling such a large amount of private funds as never seen in prewar years towards the security market. It thus became a driving force for postwar accumulation of capital.

In the course of such rehabilitation and headway, the company boosted its capital six times (starting with October, 1948, in connection with the first increase for business reconstruction and adjustment after the war's end) to ¥4,000 million as of April, 1959, or 200 times its original capital of ¥20 million.

It is worth mentioning that the company has recently moved its head office to Shin Marunouchi Bldg. near Tokyo Station from Kabutocho or the traditional downtown center of securities business, while, on the other hand, operating the former head office as the Kabutocho Business Department, thereby to prepare itself for further expansion and to improve its services to new customers. Whether or not this bold departure from the time-honored tradition will turn out a success is being watched with great interest.

At the end of September, 1959, the company had 78 offices in the whole country: namely, 19 in Tokyo (its new head office included), 7 in Osaka and 50 at local cities (Nagoya, Yokohama, Kobe, Kyoto, Fukuoka, Sapporo, etc.). In its overseas activities, among others, the company is operating New York branch at 25 Broad St., New York 4, promoting induction of dollar capital into Japan under the close tie-up with investment bankers. Also, the company has a subsidiary security broker in the name of Nikko Kasai Securities Co., which established under the Law of California. Nikko's activity in the foreign business field may be said 8 be the most progressive and successful.

In the 12-month term closing with September, 1959, the company handled and underwrote 8,458,000 and 15,180,000 shares, respectively; handled and underwrote ¥123.9 and ¥84.2 billion worth of bonds, respectively. And the investment trust established totalled ¥35,182.38 million in 13,730,000 lots (¥25,940 million in 5,190,000 lots for unit type and ¥9,242.38 million in 8,540,000 lots for open-end type), and the principal balance outstanding at the term end summed up to ¥71,874 million (¥52,696 million for closed-end type and ¥19,178 million for open-end type).

Revenues in the same term amounted to ¥14,902.34 million (including security sales profits, commissions, dividends, interest, etc.), and profits came at ¥2,682.23 million with the dividend declared at 12% a year.

Nomura Securities Co.

Nomura Securities Co. was formally incorporated in January, 1925, taking over the securities department of the Osaka Nomura Bank (now the Daiwa Bank). Then it was capitalized at ¥5,000,000 (one half paid up). The post of the first president was assumed by Mr. Otogo Kataoka, director of the bank and chief of its securities department.

The history of Nomura Securities, however, dates back to the establishment in August, 1918, of the Nomura Bank. In those days, the business of underwriting and distributing bonds and stocks in Japan was very far behind the advanced practice in the Western countries. In this light, the founder of the Nomura Bank, or the late Mr. Tokushichi Nomura, decided to undertake bond sales and distribution not an independent enterprise but as an additional line of his bank. He had some experience in bond business as chief executive of Nomura Tokushichi Shoten (hereditary enterprise). And it was on the basis of an extensive investigation into the American practices in security business that his bank finally separated its securities department and founded Nomura Securities for bond sales and distribution.

For some time after its establishment, Nomura Securities experienced a lot of difficulties, particularly a financial panic in 1927 and the worldwide economic crisis in and after 1929. With the second gold embargo of 1931 as the turning point, however, the company made steady progress thanks to the acceptional pickup of security business. In February, 1927, it opened an overseas office in New York for flotation of foreign bonds (which, however, was closed in December, 1936).

In June, 1938, the company started the business of underwriting and handling stocks as well. In line with the development of wartime economy, its head office was moved from Osaka to Tokyo in 1941, or the first year of the Pacific War. It also expanded its overseas activities: Manchuria Nomura Securities Co. was set up in September, 1929, and branches were opened at Seoul, Korea, and at Taipei, Taiwan, in 1940. In September, 1941, Mr. Seizo Iida succeeded Mr. Kataoka as the president of the Company. With the duties levied upon the securities dealers growing steadily heavier, necessity for a new type of investment—the so-called investment trust—became increasingly acute. In November, 1941, it entered into the field of investment trust ahead of other securities companies, and its trust establishment in the war years summed up to ¥ 528.5 million. From 1943 through 1944, it absorbed Daiichi Securities of Osaka and Kubota Securities of Tokyo. Thus, its capital increased to ¥ 12 million in August, 1944.

In the early postwar years, Nomura Securities suffered various restrictions as was the case with many big concerns. It was designated as a "restricted" company in November, 1945, and the four executive officers headed by President Iida were purged out of their post in January, 1947. In the succeeding nine months up until the time when the seat of presidency was finally occupied by Mr. Tsunao Okumura, the Company operated without any official president. Thanks to the untiring efforts of the members of the Company and its affiliates, "restrictions" were lifted from the Company in May, 1949 and the Nomura Securities was again free to carry out its business under its time-honored title.

Since the re-opening in May, 1949, of stock exchanges, the company has been making steady expansion and enjoying better business thanks to its positive management policy though it suffered temporary depression for some time when the Government pursued a deflationist policy popularly known as the Dodge Line. In June, 1950, it resumed investment trust transactions under the newly promulgated law. For expansion of its overseas activities, it opened a New York branch in March, 1953.

In the spring of 1954, the company started agency business (entry of a change of shareholders, floting of bonds and stocks, etc.), modelling after the practice of transfer agents in the United States. In December of the same year, it established, in cooperation with the Sanwa Bank and the Bank of Kobe, Toyo Trust & Banking Co. as a new institution on the border line between securities and financing. On the other hand, it decided to concentrate business efforts upon security sales and distribution. In April, 1960, it separated its investment trust department and reorganized it into two independent subsidiaries (one for investment trust and the other for sales) in anticipation of a further development of this business.

In line with the execution of such a positive policy, the company's capital increased to ¥4,000 million in April, 1959. At the end of 1959, the company had 87 offices: i.e. 24 in Tokyo, 12 in Osaka, 50 at other cities (Nagoya, Yokohama, Kobe, Kyoto, Fukuoka, Sapporo, etc.) and 1 in New York.

In the business term ending with September, 1959, the company handled 11,096,410,000 shares, or 19% of the nation's total (58,313,000,000, shares). Stocks underwritten in this term numbered 22,130,000, or about 53% of the total or 41,920,000 stocks, indicative of the company's overwhelming predominance in this business. In the case of public and corporate bonds, the company underwrote ¥90.7 billion worth, or nearly 22% of the total (¥421.3 billion) and handled ¥3.47 billion worth, or 25.7%. Thus, it is self-evident that Nomura is the biggest firm in this line.

The company's investment trust establishment in the same term amounted to ¥39.3 billion, or 25% of the nation's total (¥ 156.3 billion), and the principal balance outstanding at the term end reached ¥80.3 billion, or about 28%. It again excells all other fellow traders.

Yamaichi Securities Co.

Yamaichi Securities Co. is a successor to Koike Shoten, a stock broker's shop opened as a private business by the late Kunizo Koike as early as in 1897 near Kabuto Bridge, Nihombashi, Tokyo. Along with the marked development of modern industry in Japan, he established Koike Goshi Kaisha (capitalized at ¥1,000,000) in April, 1907, for underwriting and distribution of government and local bonds as provided for in its articles of incorporation. But it was several years later that the company actually started underwriting national bonds. After all, it was a forerunner for modern security business in this country.

In August, 1909, the founder of Koike Goshi Kaisha visited the United States as a member of the businessmen's inspection party and saw with his own eyes various activities of American underwriters. Based upon his investigation into the American practices, in February, 1910, he organized an underwriting syndicate for ¥5,000,000 worth of national bonds in cooperation with the late Namizo Fukushima and Raizo Kanda. This was the first underwriting business undertaken by private interests in Japan, and it turned out a great success. In August of the same year, his syndicate underwrote, in cooperation with the Soda Bank, ¥500,000 worth of mortgage bonds issued by Enoshima Electric Railway Co.—the first instance of underwriting corporate bonds in this country.

In May, 1911, Koike Goshi absorbed the Shoei Bank and started brokerage and financing business (discounting of bills, etc.). In August, 1917, however, Mr. Koike announced to retire from the stock market and to liquidate his security firm. But his banking business was continued by the Koike Bank, which had taken over the defunct Shoei Bank and which specialized in bond sales and distribution as well as financing brokerage. Koike Goshi partners, on the other hand, combined efforts to establish a new securities company (capitalized at ¥1,000,000). The new firm was named Yamaichi Goshi Kaisha, succeeding to the trade mark of the liquidated concern, with the late Mr. Kisei Sugino as president, and it took over security business from Koike Goshi.

Surviving the stock market sagging of September, 1920, the Great Earthquake and Fire of 1923 in the Tokyo-Yokohama area and other economic crises, Yamaichi Goshi Kaisha was reorganized into a ¥5,000,000 joint stock company, or Yamaichi Securities Co., in October, 1926. With the turn of the Showa Era (1926), the new company enjoyed steady development. Especially remarkable was its headway in 1930's as industrial fund requirements got brisker than ever for promotion of heavy industry at home and in the Continent after the outbreak in 1931 of the Manchuria Incident. As a campaign was started for so-called purging of corporate bonds in May, 1933, however, the company was obliged to scale down its business activities as sub-underwriters.

In December, 1935, Mr. O. Ota assumed the presidency as Mr. Sugino gave up his post, and the new president pursued a very positive managerial policy, underwriting corporate bonds as well. Following the outburst of the Sino-Japanese War, the company played an important role for digestion of war bonds. In accordance with the business adjustment policy during the Pacific War, the company in September, 1943, merged itself with Koike Securities Co. (a successor to the aforementioned Koike Bank) and founded Yamaichi Securities on a new basis. The Company also launched the investment trust business with quite a success.

After the war's end, the company experienced a lot of difficulties in overcoming various political restrictions imposed by the Occupation forces: i.e. its directors were purged from official positions in January, 1947; the company acted as a "special accounting" firm from August, 1946 until November, 1948; and it was ordered to take a series of counter-measures under the Business Reconstruction and Adjustment Law in August, 1948.

But the increasing popularization of bonds and stocks turned out a boon as securities companies were allowed to resume their business as underwriters instead of sub-underwriters. And Yamaichi Securities also enjoyed unprecedented strides as was the case with other underwriters.

The Company opened in March, 1949, the Foreign Department to promote the investment in Japan from customers abroad and, with the world-wide tendency toward liberalization of international trade and exchange control now in motion, this particular department is expected to play a leading role in the future of the Company.

With the promulgation in June, 1950, of the Investment Trust Law, the company actively resumed investment trust business. And it opened an office in New York for expansion of its overseas activities.

After the war's termination, the company boosted its capital seven times to ¥4,000 million as of April, 1959. At that time, it operated 87 offices: i.e. 29 in Tokyo (including a head office), 13 in Osaka, 42 at local cities (Nagoya, Yokohama, Kobe, Kyoto, Fukuoka, etc.) and 1 in New York.

In the business term ending with September, 1959, the company handled 9,100,000 shares and underwrote 26,000,000 shares; and underwrote ¥84,200 million worth of bonds. Its investment trust establishment totalled ¥30,948 million (¥21,880 million for unit type and ¥9,068 million for open-end type), with the principal balance outstanding at the term end at ¥65,562 million (¥46,475 million for closed-end type and ¥19,087 million for open-end type).

In the same term, the company earned a total revenue of ¥10,123 million (security sales profits, commissions, etc.) and netted a profit of ¥1,712.28 million, declaring a 12%-a-year dividend.

Commodity Market

Iron & Steel :—Market prices of steel products have continued dull with the quotations particularly irregular for all items subjected to the collective open sales system (small bars, medium shapes, blacksheets, plates, and wire rods). It is urged in certain sections that the slip of market quotations should be checked by means of production cutbacks, but the production cut appears more easily urged than actually done. It is noted in this connection that market prices are mostly applied to transactions by small manufacturers and wholesalers while larger manufacturers are generally selling their products to regular customers at the collective open sales prices which stand comfortably higher than the market prices. It is also opined in some circles that the attempt to reduce production by key manufacturers will be nullified if "outsider" makers boost outputs.

In fact, the production of steel has been gaining without a break. With the average monthly production in 1959 standing at 1,386,000 tons for crude steel, the monthly output reached 1,650,000 tons in January, 1,685,000 tons in February, 1,797,000 tons in March and 1,753,000 tons in April. With the domestic demand not swelling at the pace equal to the hike of production, however, the market prices have continued weak. In these circumstances, the weight of export trade is bound to increase. Export shipments of iron and steel products (inclusive of all items) in 1959 totalled 1,804,000 tons worth $290,530,000, almost equal in quantity to the 1958 sales (1,837,000 tons) but registering a gain of about 6.0% in value ($274,051,000). In 1958, steel export shipments increased comfortably in the second half due to the standstill of domestic demands, but the export enthusiasm by steel manufacturers was rather negative in 1959 because of the active consumption at home. The increase of steel exports in value in 1959 (while a slight decline was noted in quantity) was attributable to the rise of international steel quotations because of the long-drawn steel strike in the United States. The advance of higher-priced items such as galvanized iron sheets and secondary products to the relative retreat of lower-priced pig iron and semi-finished products in the 1959 steel export trade was also responsible. On the list of destinations for steel exports in 1959, the United States continued to predominate by taking 656,000 tons or 37.0% of the total overseas sales. The 1959 exports are classified by major items as follows: galvanized iron sheets, 281,000 tons; plates, 240,000 tons; bars, 183,000 tons; pipes, 167,000 tons; rails, 165,000 tons; and secondary products (such as wires and nails), 312,000 tons.

Non-Ferrous Metals :—Copper quotations have been softening under the impact of the overall slip of overseas prices. Electrolytic copper, which stood on the ¥360,000 level (per ton) in the early part of February dived to the ¥310,000 mark in the latter part of March because of various deterrents including the reduction of the list price by American copper smelters from 33 cents to 31 cents per pound, the increasing production by domestic smelters (at around 20,000 tons monthly), and the successive arrivals of emergency imports. The strike of metal miners and the gradually recovery of overseas quotations have served to stiffen the market partially and the prices made a slight hike to around ¥320,000 in recent weeks. The lead market has been weaker. Starting at ¥115,000 (or well over the list price of ¥100,000 per ton), the market quotations of lead continued to decline since, hitting ¥101,000 in the middle part of March and further slipping to around ¥97,000 in recent weeks, as 3,000 tons of lead imported under the emergency supply program have been placed for sales on the market. With the activation of demands from the latter part of April, however, the market has begun to recover with the mid-May quotations rising again to about ¥102,000. The procrastination of settlement of the metal workers strike is likely to stiffen the lead market further as well as copper prices. Zinc has continued strong chiefly due to the long-drawn metal workers strike with the market quotation in mid-May standing at ¥120,000–123,000 as compared with the list price of ¥117,000 for electrolytic zinc. The dullness of the galvanized iron sheet market and the softening of steel prices, however, are the present dampers to zinc.

Cotton Yarn :—Cotton yarn prices remained almost intact at the March levels in April with the high standing at ¥189.50 per lb. for 30 s for spot delivery and ¥181.80 for futures. With the turn of the month into May, however, the quotations started to weaken with the new lows of ¥173.8 (spot) and ¥170.6 (futures) registered in mid-May. Chiefly responsible for the price collapse was the mounting balance of yarn inventories which reached 555,591 bales as of the end of March or some 9,292 bales larger than a month ago. Also discouraging to the market was the increase in the April production which stood at 234,647 bales, or 7,011 bales larger than the March output. The close of a round of yarn buying operations by weavers for summer items was another damper. On the other hand, exports of cotton yarn have continued sound by averaging 100,000 bales monthly while the domestic demand has also stayed steady at around 130,000 bales.

Worsted Yarn :—Worsted yarn quotations, which dived to the new lows at ¥1,367 (Nagoya: 48-double: per kg) for current-month delivery and ¥1,336 for futures in April, continued slipping and fell below the ¥1,300 in mid-May (¥1,269, spot and ¥1,289, futures), chiefly because of the oversupply. The inventories of worsted yarn at the end of March totalled 11,664 tons, increasing 1,026 tons over a month ago and the stocks of worsted fabrics stood at 38,084,000 square metres, also up 4,537,000 square metres over a month ago. The larger production in April (8,000 tons as compared with 7,813 tons in March) was another deterrent. The unfavorable sales of spring items and the weak tone of Australian wool quotations after Easter (91 pences, spot) also served to discourage buyers.

Chemical Fibres :—The prices of rayon filament yarn, which made a partial recovery in April after the February fall, grew dull again with the current-month delivery at ¥173.20 and the futures price at ¥174.7 (120D, per 500 kgs.) in early May. The general outlook, however, is not particularly discouraging, as more export shipments to the Republic of Korea are expected likely after the return of political stability, and the demands for fabrics (domestic sales and export shipments inclusive) are steady. Spun rayon yarn quotations were equally weak with the mid-May prices standing at ¥111.40 (current-month delivery) and ¥108.90 (futures). Although large shipments to Indonesia are supporting the market, no early recovery is expected, as spun rayon yarn is bound to depend on the movement of cotton and woollen yarns which have been lethargic.

Raw Silk :—Raw silk quotations (Yokohama: 21A per kg.) which dropped to ¥3,015 (current-month delivery) and ¥2,926 (futures) in March, recovered to ¥3,241 and ¥3,194, respectively, in April and continued almost at the same levels into May. With the demand for silk fabrics due to continue steady, the market is destined to remain firm. With the release from raw silk holdings of the Government (34,766 bales as of the end of April) expected, no bulky advance in prices is believed possible. Meanwhile, the poor growth of mulberry trees because of the cold spell and the conservative gain of the spring cocoon production (estimated at 50,970 tons by the Ministry of Agriculture & Industry, April 12), may offer the factors for the bullish view of the future transition of raw silk prices.

Company Notes

87,500 D/W/-Ton Dock Soon Ready (*Mitsubishi Shipbuilding & Engineering*)

The third dock of the Nagasaki shipyard of Mitsubishi Shipbuilding & Engineering Co., Ltd. is being enlarged to the new capacity of 87,500 D/W tons under the expansion plan started in June, 1959 with the object of coping the construction of larger vessels. The enlarged dock will be ready by July, this year, in time for the launching of a mammoth tanker now under construction at the shipyard.

New "Integrated" Research Laboratory (*Tokyo Shibaura Electric*)

Tokyo Shibaura Electric Co., Ltd. is scheduled to start construction of a central research laboratory in the city of Kawasaki near Tokyo at the cost of ¥3,000 million. The new laboratory, the largest-scaled and most-completely equipped of civilian institutions of the kind in the Far East, will be completed in April, 1961. The laboratory, manned by more than 1,000 engineers and scientists, will be devoted to exhaustive technical studies in interrelations between high voltage- and low voltage-electricity on a wider scale.

New Synthetic Rubber Plant (*Nippon Gosei Gomu*)

Nippon Gosei Gomu (Japan Synthetic Rubber) Co., Ltd. will start manufacturing synthetic rubber in the near future upon the recent completion of a new plant under construction in the city of Yokkaichi, Miye prefecture since October, 1958. The company (capitalized at ¥2,500 million and headed by Shojiro Ishibashi as president) is subsidized by the Government to the extent of ¥1,000 million for the encouragement of synthetic rubber production in Japan. The annual capacity of the new plant, which will be restricted to 35,000 tons in 1960, will be boosted to 45,000 tons in 1961.

Overhead Tank Completed (*Ishikawajima Heavy Industries*)

Ishikawajima Heavy Industries, Ltd. has completed a giant radial-cone type overhead tank for the Murayama cleaning bed of the water Bureau of the Tokyo Metropolitan Government. The new tank is capable of preserving 1,000 tons of water for cleaning, the largest of the type ever made in this country.

Japanese Cameras to West Germany (*Chiyoda Kogaku & Mamiya Camera*)

Chiyoda Kogaku recently concluded a contract with a firm in Nuremberg, West Germany for the export of 1,000 cameras (including 500 reflex-model SR-1 and 500 35 mm Uniomats) worth about ¥20,000,000. Under the contract, the shipment is scheduled at the close of June, this year. The company exported 1,000 cameras, mostly SR-1 models, to West Germany in the autumn of 1959. Meanwhile, Mamiya Camera also inked a contract for the export of 5,000 cameras (inclusive of 8 mm cameras, reflex models and 16mm camaras) worth ¥46,800,000 for shipment to West Germany by the end of July.

Monosodium Glutamate by Fermentation Process (*Asahi Chemical Industry*)

Asahi Chemical Industry will be ready to start manufacturing Asahi Aji (monosodium glutamate), a well-known seasoning, by the fermentation process at its Nobeoka plant (Miyazaki prefecture), now under construction, in the early part of September. The company owes its present success in making monosodium glutamate by the fermentation process much to technical assistance by Toyo Jozo.

Metal Products by Rubber Firm (*Yokohama Rubber Co., Ltd.*)

As a step for diversification of management, Yokohama Rubber Co., Ltd. has decided to advance to the manufacture of metal goods at a new (66,000,000 sq. metres) plant to be erected at Totsuka, Kanagawa prefecture at the cost of ¥200 million. The new plant in the initial stage will specialize in the manufacture of P.L. nuts (nuts that will never loosen), super-light-weight fittings, self-sealing couplings and other semi-precision items.

Inorganic Insulated Electric Wires (*Hitachi Electric Wire & Cable*)

Hitachi Electric Wire & Cable Co., Ltd. has got ready to start mass-manufacturing inorganic insulated electric wires to be marketed under the trade name of "Hi-Mix" Wire. The new wires are ideal for wiring in plants using machinery demanding high-voltage electricity such as power distributing stations, electric furnaces and blast furnaces. Japan has so far been depending on imports almost entirely for such insulated wires.

Steel Maker for Concrete Production (*Yawata Iron & Steel*)

Yawata Iron & Steel Co., Ltd., the largest of Japanese steel manufacturers, has advanced to cement by placing under its financial control Nippon Press Concrete Co. The latter company is now erecting a new concrete plant in Kanaya, shizuoka prefecture at the total cost of ¥200,000,000 for the annual production of 50,000 tons. Press concrete to be manufactured by the company is stronger and lighter than ordinary concrete and is fit to be used with sheet piles for building port and harbor facilities.

Wheels & Axles India-Bound (*Sumitomo Metal Industries*)

A contract for the export of 5,500 sets of steel wheels and axles has been concluded by Sumitomo Metal Industries, Ltd. for shipment to India.

No BOJ Shares on Stock Market (*Tokyo Securities Exchange*)

The Tokyo Securities Exchange is expected to omit Bank of Japan shares from the list of stocks registered with the exchange in the very near future. With the Bank of Japan capitalized at ¥100,000,000, its shares (¥100 per share) amounting to about ¥45,000,000 are transacted at the Tokyo stock market in the from of investment certificates. Because of the extremely small number of shareholders (about 3,000) and the increasing possibility of cornering operations, the exchange has reached the conclusion that they are not suitable for market transactions.

TDT Production by Takeda (*Takeda Pharmaceutical*)

Takeda Pharmaceutial industries, Ltd. has decided to embark upon manufacturing TDT (toluene D. Isocyanate), a cardinal raw material for polyurethane through a technical tieup with Allied Chemical (U.S.). With the raw materials to be supplied by Tokuyama Soda, the pharmaceutical company will erect a new plant with the monthly capacity of 300 tons. The new plant will start operation at the initial capacity of 150 tons in September, 1961.

Aluminium Plant Rationalization (*Nikkei Aluminium Co.*)

In a large-scale rationalization project costing some ¥2,000 million, Nikkei Aluminium Co., Ltd. has added a series new machines to its production front. The new machines installed, which be ready for operation by the end of May, include a 3,250-ton oil-pressure extruding machine at the Tokyo plant and a cold-strip four-high rolling mill at the Nagoya plant.

First Jet Plane Manufactured (*Fuji Heavy Industries*: *Ishikawajima Heavy Industries*)

The first completely-home-made jet plane completed a test flight at the Utsunomiya airfield of Fuji Heavy Industries on May 17. The new jet plane was manufactured through the technical collaboration between Fuji Heavy Industries and Ishikawajima Heavy Industries.

Company of the Month

TOYOTA MOTOR

Toyota Motor, one of the representative manufacturers of automobiles in this country, boasts of the largest production and the most-rationalized production system. The company manufactures a wide variety of motor cars including passenger cars, small trucks, and ordinary trucks, with its annual production well accounting for more than 40% of the nation's total. The production by Toyota Motor has started to increase particularly since 1959, as shown in Table 1. The demand for the company's products has been swetling at a brisk pace. On the list of standard-size cars, the company is enjoying a constant flow of special orders from the U.S. Forces in Japan for ordinary military cars (2½ ton personnel transport vehicles and 3/4 ton arms trucks). In the smaller car division, the domestic demand for its Toyo Ace (1 – 1 1/4 ton) trucks has increased markedly in recent years while the production will be comfortably boosted for its two specialties in the passenger-car field—Toyopet Crown (1,500 cc) and the latest (1960) debutante "Corona" (a new compact car: 1,000 cc). The new-model "Corona," entirely different from the old "Corona," is a deluxe-model compact car, designed principally for the exportation to the United States market under the name of Tiara. It is mounted with a more powerful (1,500 cc) engine. Export shipments of this new Corona to the U.S. market are scheduled to start on regular basis from about July, 1960. The company has been exporting the "Toyopet Crown" to the United States since 1957, and this new model will certainly bolster the sale of Toyota Motor vehicles in the U.S. market.

New Corona now on the Market

1. Growth of Toyota Motor's Production

Half-Year Term ending	Standard Trucks	Smaller Trucks	Passenger cars	Total (A)	National Total (B)	(A)/(B)
Nov., 1957	8,176	22,893	11,413	42,482	92,805	46%
May, 1958	6,783	20,912	10,533	38,228	90,448	42%
Nov., 1958	5,783	23,888	10,283	39,959	94,911	46%
May, 1959	7,668	23,115	15,033	45,816	112,091	43%
Nov., 1959	8,696	28,773	14,547	52,016	135,172	43%
May, 1960*	13,000	38,000	18,000	69,000	—	—

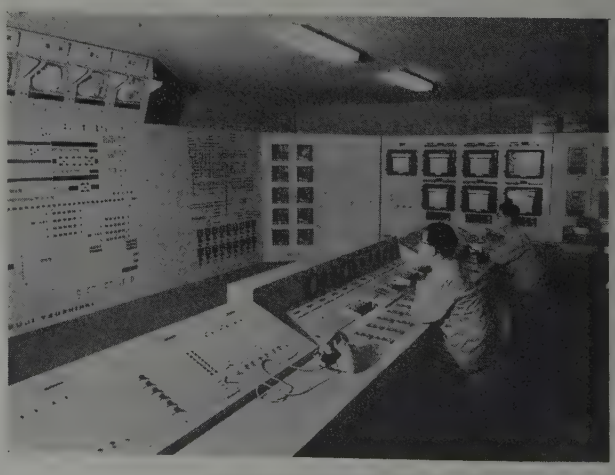
Note: *Estimates.

The company is also planning to introduce a new passenger car for the domestic market in the latter part of this year. The new-comer under review will be of the so-called "people's car" mounted with a 600 cc (or 700 cc) engine, and will be ready to be marketed in the early part of 1961.

Japan's motor industry in the past was built mostly on the production of trucks. With the steady progress of "motorization," Japan has now been gradually entering on to the "era of passenger cars." Toyota Motor has geared-up its mass production of passenger cars to counteract the larger inflow of foreign-made passenger cars into the Japanese market following upon the heels of forthcoming liberalization of import trade. With the present monthly production capacity standing at about 13,000 units, the company is planning to increase its monthly output to 30,000 units within three years time. Upon the completion of this plan, the company will be fully prepared to compete on the international markets. With all these plans taken into consideration, Toyota Motor is swiftly expanding its plant facilities. The company today is operating two major plants (main plant and the Motomachi plant), both located in the city of Toyota in Aichi Prefecture. The main factory, specializing in trucks, has the monthly capacity of 10,000 trucks. Aside from producing trucks, they are also engaged in the manufacture of various engines. It is the largest auto plant in this country, equipped with 3,576 machine tools and 4,058 industrial machines, (as of the end of November, 1959). The Motomachi plant is the most modernly-equipped factory constructed by the company for mass-production of passenger cars at rational costs. With the first-stage work on the Motomachi plant completed in August, 1959, the monthly production capacity of the plant today stands at 5,000 passenger cars. As of the end of November, 1959, it was equipped with 2,188 machines of various types for manufacturing chassis, painting and assembling. The second-stage work now in progress (for press mills and machinery shops), and when this is completed, the company will emerge as one of the newest passenger car plants. For 1961 the monthly capacity will be well over 10,000 cars. With another additional expansion project under contemplation, the monthly capacity of the Motomachi plant will be further boosted to 10,000 cars in 1962 or early 1963. Invested capital on plant-equipments at the Motomachi plant is estimated to be around ¥13,000 million in 1960. A larger expenditure is expected in 1961 and this will continue for several years to come till completion.

2. Major Toyota Motor Subsidiaries

	Capital (million yen)	Dividend (per annum)
Toyota Motor Sales	5,000	20%
Toyoda Automatic Loom Works	1,200	15%
Nippon Electrical Equipments	1,500	15%
Toyota Auto Body	921.6	15%
Toyoda Machine Works	500	15%
Aichi Seiko	1,000	10%
Aichi Kogyo	390	15%
Kanto Motor	450	15%
Minsei Boseki	924	18%
Toyoda Tsusho	200	—



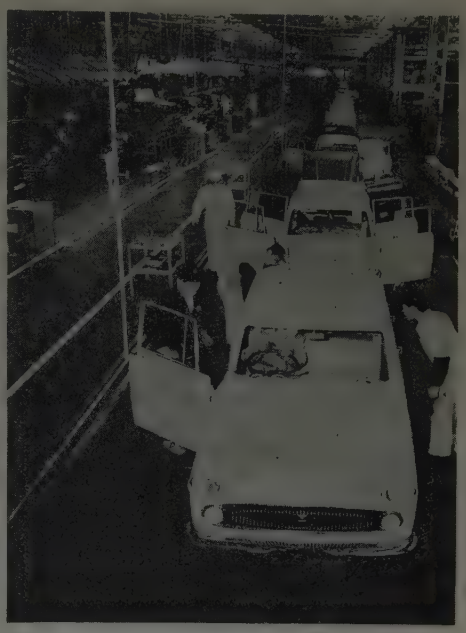
A View of Control Tower

Loading of Toyopet Crowns

Toyota Motor enjoys the cooperation of a large number of subsidiary companies and factories, commonly called the "Toyota group," as shown in Table 2. Of all of these subsidiaries, one of the best known is Nippon Denso (Nippon Electrical Equipments) which specializes in the production of a variety of electrical equipments such as radiators, car heaters, car coolers, spark plugs, and etc. Other leading affiliates include: Toyoda Automatic Loom Works (specializing in weaving machines, engines and assembling of trucks for special procurement); Toyota Auto Body (specializing in bodies for trucks); Kanto Motor (specializing in bodies for light vans); Toyoda Machine Works (specializing in machine tools and parts of trucks); Aichi Kogyo (specializing in sewing machines and parts for passenger cars); Aichi Seiko (specializing in special steels), etc. All these companies work closely with Toyota Motor in the production of Toyota vehicles.

Sales operations by Toyota Motor are placed under the charge of Toyota Motor Sales. Toyota Motor Sales is the first company which has introduced the monthly instalment payment formula for the sales of motor cars in this country. With a wide network of 109 sales agents throughout the country, Toyota Motor Sales is catering to clients in all prefectures. Toyota Motor Sales controls Toyota Motor Sales, U.S.A. in Los Angeles, and also has a branch in Bangkok, Thailand, as well as more than 50 overseas representatives to look after its world-wide sales network. The complete network of its subsidiaries both in the production and sales phases is one of the strongest assets of Toyota Motor.

The business results of Toyota Motor have been making noteworthy headway by virtue of mass production and management rationalization, as shown in Table 3. For the half-year term ending in May, 1960, the number of cars manufactured registered a marked gain of more than 30.0% over a term ago and the total sales amounted to nearly ¥45,000 million. On the strength of such favorable business showings, the company in August, 1959 announced the average price cut of nearly 5.0% for all models, but the profit yields of the company remained entirely unaffected due to the reduction of production costs enabled by mass production. The company has been paying particular attention to amortization by setting aside liberal sums for internal reserves in each business term, and after such amortization has been declaring a fair profit of about 10.0%. For the half-year term ended May, 1960, the company is expected to be able to declare an ample profit of about ¥4,500 million after setting aside a sufficient sum for internal reserves. Although the competitions in Japan's motor industry are bound to become further intensified, particularly in the field of passenger cars due to the successive price curtailment races, the business showing of Toyota Motor is expected to improve further on the strength of a fully-rationalized mass production formula. Upon the attainment of the 30,000-cars-a-month goal three years later, the company's sales for each term is estimated to reach ¥100,000 million (even taking into account the probable price cuts in the interim). On the other hand, the company's capital has been swelling at an active tempo. With the 50.0% expansion carried out in February, this year, the paid-up capital of the company was boosted to ¥10,500 million, with the further increase to ¥16,000 million (through share payments in August) set for August, this year. It is likely that another expansion of capital to more than ¥36,000 million will take place three years later, well indicative of the amazing growth of the company's potential. The composition of the company's assets has been outstandingly sound. As of November 11, 1959, the company had the total assets in use at ¥35,813 million with the ratio of owned capital standing at 53.0%, the ratio of floating assets at 213.0% and the ratio of fixed assets at 85.0%.



Assembly-line of New Coronas

Bird's-Eye View of New Passenger Car Factory

3. Business Results of Toyota Motor

Half-Year Term ending	Sales	Profits	Profit-rate	Dividend rate
Nov., 1957	28,267	2,489	149%	20%
May, 1958	26,196	2,311	69%	20%
Nov., 1958	25,046	2,263	68%	20%
May, 1959	32,863	3,378	101%	20%
Nov., 1959	38,339	3,814	114%	20%
May, 1960*	45,000	4,500	101%	20%

Note: *Estimates.

The catalogue number of Toyota Motor is 191.

Book Review

Shakai Hosho Nenkan, 1960 (*Social Security Yearbook, 1960*) (*In Japanese*) *Edited by the Federation of Health Insurance Unions. Published by Toyo Keizai Shinpo-Sha. Pp. 248. Price: ¥450.*

This is the only hand-book available in Japan on matters dealing with Japan's social security system, which consists of four different departments—social insurance, public relief, social welfare and public health & hygiene.

One of the unique features of this highly informative annual, which greets its 10th anniversary with the current issue, is its comparative study of the Japanese systems with its counterparts in the world's major countries. Addition of 98 pages of basic statistics concerning social security system and its related systems at the end of the book makes it all the more handy for any students of the development of Japan's social security system. The part entitled "Feature of the Issue", which started in the 1958 edition with *The Way to Social Insurance and Annuity for Every Japanese*, and continued in the current issue with an article under the title of *The Footsteps of the Post-war Social Security System* offers a mouthful of metal food to chew for every discerning reader. This article patiently follows the development of Japan's social security system from the time of ruin and confusion at the end of the Pacific War to the present day providing the readers with historical and practical insights to the matter on discussion and thus laying groundwork for future developments. (*T.T.*)

Japanese Arts—What & Where? *By Sadao Kikuchi Published by Japan Travel Bureau. Pp. 176 (106 pages of photos & 60 pages of text). Price: $2.50 (¥450 within Japan).*

Unless you are endowed with unlimited time and money, it is next to impossible to cover all of Japan's treasure-houses of arts and artifacts. Even if you set a limit to your scope of interest to one age or one place, you would often find yourself at a loss where in the whole world to start.

For anyone in a similar situation, there is absolutely nothing more handy than the current book. Consisting of photographs of 100 most important cultural properties in Japan—most of which national treasures and compact, to-the-point explanations thereof, *Japanese Arts—What & Where?* tells you not only what to start with but also how to best appreciate the great masterpieces of Japan's yester-years.

The *objects d'art* assembled here range in scope from sculptures, pictures, artifacts, woodblock prints to picture scrolls. Writer Kikuchi must have had a hard time in selecting just 100 out of a literally countless number of treasures and important cultural properties of Japan, though there is no doubt that he is one of the most experienced experts in this particular field. The book is the more important and rewarding for his efforts in this unpublicized field of selection. (*A.T.*)

Floral Art of Japan *By Issotei Nishikawa & Published by Japan Travel Bureau. Pp. 132. Price: $2.75 (¥450 within Japan).*

This book has long been considered one of the best and most compact works on the subject of Japanese flower arrangement with its first edition appearing as early as 1936. The book is completely revised in 1956 by Mrs. Issen Nishikawa, 9th headmaster of the Kyofu-ryu school of flower arrangement in order to bring the whole content entirely up-to-date. The current book is the fourth edition of this new preparation and is far richer in photos and contents. There is no doubt that this book will make a very handy "do-it-yourself" guide-book for every lover of flower arrangements who is out of the easy reach of any flower arrangements who is out of the easy reach of any flower arrangement masters. (*A.T.*)

The Skills of the Economist *By Kenneth E. Boulding Published by Howard Allen, Inc., Cleveland, Ohio Pp. 193. Price: $3.50.*

This is a very unique book on economics. The uniqueness virtually starts with the title of the first chapter—Economics is What Economists Do. The main theme of the writer is to make a scrutiny on "the contribution of economics to the culture of our day." The first of all, the writer asks himself "What is economics?" and gets the answer "Economics is what economists do." "What, then," the writer again asks," distinguish economists from ordinary people?" The answer is "the skills with which the economists delve deep in a variety of economic problems."

Then, the writer sets out on a pilgrimage to a variety of economic ideas. The descriptions are plain and easy to follow without being shallow—antics rarely seen in the present crop of economic writers.

The author stresses that the day of want and poverty has passed and that the age of affluence and power is with us now. This power built on affluence and new technology is in itself neutral. If it falls in the hands of a maniac such as Hitler, the power turns into a malignant one. Everything, the writer concludes, lies with the nature of the human beings who utilize the power.

The author is an English-born American economist, who specializes in the modern economics. The major merit of the current book is the humane and modest way in which the author presents economics as a tool by which we can contribute to the general welfare of the world. (*U.K.*)

Forty Years of Foreign Trade *By P. Lamartine Yates. Published by George Allen & Unwin. Pp. 255. Price: 40s net.*

As the title so clearly suggests, this book deals with the forty years of world trade—especially international commodity trade—between the years of 1913 and 1953. This book is a truly monumental work in this particular field of study, as never before has such a close and minute documentation of changes on the international trade been published anywhere in the world. The book pays particular attention to the changes that occurred on the quantity of trade; changes in the flowing of commodities; and the structural transformations of imports in a variety of countries.

As the author acknowledges in his preface, this book is not a theoretical one tracing the 40-years' developments of world trade with a certain fixed point of view. The current book is rather a "statistical handbook" of the international trade with emphasis placed on the primary products.

The content will make an excellent introduction to the extent and scope of the current book. I. Introduction; II. World Trade; III. Primary Products & Manufactures; IV. Food; V. Agricultural Raw Materials; VI. Minerals & Metals; VII. Countries; VIII. Appendix (Statistics).

In the first parts of the book, the author touches upon the fundamental trends in the world trade, followed by the analysis of the primary products and commodity trade. Next come the chapters dealing with the by-country-by-area import volumes. In the foodstuffs chapter, the representative items here analyzed include: such cereals as wheat, rice and corn, meat, coffee, tea, oils & fats, fruit and sugar. Other agricultural products include such textiles as cotton and wool, tobacco, rubber and lumber. Metals and Minerals chapter deals with iron-steel, non-ferrous metals, lead; tin, bauxite, aluminium, coal and petroleum.

At the time when a new look on the world trade is rapidly becoming necessary, *Forty Years of Foreign Trade* will make an ideal cornerstone from which to build a newer and more energetic policy on world trade. (*M.A.*)

TOKYO LIVING COST INDEX REVISED

The Oriental Economist's Tokyo Living Cost Index has been revised and improved for the third time since it was initiated in January, 1947.

The living standard has registered an appreciable rise for working masses in the past few years. In Tokyo, for instance, the average monthly disbursements of worker households curved up by 74% from 1952 through 1959. This increase comes at 59% even if due account is taken of price changes in the interim. Accordingly, household expenditures markedly changed also in pattern: i.e. the shares of foodstuff, light and heat, and clothing expenses were off from 48% to 38.5%, from 4.9% to 4.6%, and 14.6% to 11.6%, respectively, in the period from 1952 to 1959, whereas housing expenses rose up from 5.1% to 9.7% and miscellaneous costs up from 27.4% to 35.7%. These changes have been duly incorporated into the revised index through the remodelling of weight, the wider coverage of living cost items and the adoption of a new base year.

Basic period:—It is changed from August, 1953, to the calendar year of 1959. The best base for various economic indices is the period when national economy as a whole is enjoying growth and stability. From this point of view, the calendar year of 1959 is selected as a base for this index, for Japanese economy in that year again enjoyed unprecedented growth and stability without any disturbing factors, such as the unbalance of international accounts.

Wider and better coverage:—Based upon the Prime Minister's Office's item-by-item monthly disbursements of worker households in 1959, 57 new items are added to the 1957 items covered in the old index, so 214 items in all are covered in the new index (see Table 1). Besides, some items of the old index are omitted, and others replaced by new ones in the revised index. Thus, nearly 100 items are added or changed in the present revision, so the rate of coverage comes at 69% compared with 58% in the old index.

Price data:—As was the case with the old index, a survey of retail prices in Tokyo is conducted by *The Oriental Economist* on the first day of every month (but on the fifth day of January) at five flourishing centers—Shibuya, Shinjuku, Ikebukuro, Uyeno and Ginza (five stores at each place are surveyed). As for food prices, however, these centers themselves do not warrant unbiased sampling, so stores in resident quarters around them are surveyed.

In the case of service charges, information is collected direct from public utilities, gas companies, etc. because those items which the Metropolitan Government has designated as standards are selected for the index. The average price for the index is the arithmetic mean of most frequent prices at each place.

Classification of items:—In this respect, no fundamental modification is introduced into the new index. In the food and drink expenses, however, "beans and peas" are transferred from "vegetables" to "dry provisions"; and the item "bean curd, cooked food & pickles" is renamed "processed foods".

Weight:—As the period for weight calculation, the fiscal year of 1952 (April 1952-March 1953) is replaced by the calendar year of 1959. The monthly disbursements of worker households in Tokyo are again used for weight estimation, but not the Metropolitan Government's survey but the Prime Minister's statistics are selected as basic data for this purpose.

As for miscellaneous expenses for which no representative item is available, allowances are made in weights for the rest, so there are some differences from the above-mentioned official figures.

Calculation of index:—The weighted arithmetic mean method is again adopted for the new index as is the case with the old one. As the rates of household disbursements are utilized as weights, the formula is the same as Laspeyres':

$$\text{Laspeyres' formula} = \frac{\Sigma P_t Q_o}{\Sigma P_o Q_o}$$

$$\text{Weighted arithmetic mean formula} = \frac{\Sigma \frac{P_t}{P_o} P_o Q_o}{\Sigma P_o Q_o}$$

where P_o is the price at the basic date, P_t the price at the time of comparison, Q_o the purchased quantity at the basic date, and $P_o Q_o$ the monetary disbursement at the basic date.

Old and new indices compared:—Though the new index numbers are calculated as from January, 1959, they are to be published formally as from April, 1960, and to be linked with the old ones up to March, the same year, for this living cost index is still being used widely for sliding wages calculation. The general index alone is to be computed on the November 1946 and August 1953 as well as new bases.

Due to the afore-mentioned change in weight, the new index is less sensitive to the fluctuations of food and drink prices than the old one, but more sensitive to the changes in housing and miscellaneous expenses. In this respect, it is to be noted that the living cost index has been on the steady rise in the past months (see Table 2), but this is ascribed for the most part to the higher prices of vegetables, fruit and meat. Even if these expenses continue going up, however, the general index won't curve up sharply thanks to the reduced weight of food and drink expenses.

1. Expense Items & Coverage of Tokyo Living Cost Index

Expense Item	Revised Index			Old Index		
	No. of Items	Wt.	Coverage(%)	No. of Items	Wt.	Coverage(%
Food & Drink	98	442	73	80	528	64
Staple Food	7	110	92	6	157	76
Fish & Shellfish	16	37	63	14	51	48
Meat	6	30	90	4	24	83
Eggs & Milk	4	37	95	3	30	94
Vegetables	14	35	71	14	41	71
Dry Provisions	5	8	80	5	11	66
Processed Foods	12	36	45	9	44	40
Seasonings	9	28	87	6	39	71
Confectionery	5	27	30	4	39	24
Fruit	3	19	58	2	17	54
Wines	4	21	94	3	21	86
Drinks	5	11	62	4	9	68
Tobacco	4	11	90	3	24	82
Dining Out	4	32	51	3	21	—
Clothing	43	131	69	32	163	40
Clothes	31	89	75	20	109	44
Personal Effects, etc.	12	42	56	12	54	30
Light & Heat	8	51	96	6	53	95
Housing	22	109	50	12	78	39
Rent	2	33	77	2	28	73
Water Service	1	5	100	1	5	86
House Repairs	5	21	16	4	19	13
Furniture & Appliances	14	50	45	5	26	12
Miscellaneous	43	267	63	27	178	44
Insurance & Health	19	79	83	12	66	42
Transport & Communication	7	38	96	5	27	74
Education & Stationery	9	57	55	6	28	27
Culture & Entertainment	8	93	38	4	57	38
Total	214	1,000	69	157	1,000	58

2. Tokyo Living Cost Index (1959=100)

	1955	1956	1957	1958	1959	1960
January	97.0	95.6	96.5	100.6	98.4	103.5
February	97.9	95.2	98.1	99.7	99.1	103.3
March	97.7	95.2	99.1	99.5	99.6	103.9
April	98.5	95.6	100.2	98.8	101.2	104.5
May	98.2	94.7	100.7	98.8	99.2	104.1
June	98.3	95.4	99.7	99.0	98.9	
July	96.6	95.6	98.3	98.3	99.2	
August	95.0	94.9	98.6	98.6	99.5	
September	94.9	93.6	100.3	99.5	101.1	
October	94.5	94.4	99.9	102.1	102.8	
November	94.8	94.2	98.5	99.2	101.9	
December	94.9	94.4	99.3	98.2	101.6	

1. Business Indices

Items	Units & Standards	1957 Ave.	1958 Ave.	1959 Ave.	1959 Nov.	1959 Dec.	1960 Jan.	1960 Feb.	1960 March	1960 April	1959 ***
Finance & Banking											
Treasury Acct. with the Public (1)	Fiscal Year * ¥100,000,000	2,597	⊖ 2,510	⊖ 1,334	⊖ 1,118	⊖ 1,110	1,326	777	524	⊖ 1,288	⊖ 986
Bank of Japan Accounts (2) End of Year or Month											
Bank Note Issues	¥100,000,000	8,371	8,910	10,294	8,423	10,294	8,740	8,659	8,766	9,044	7,689
Loans Total	,,	5,519	3,793	3,379	2,431	3,379	2,978	3,647	4,256	3,347	3,273
Government Bonds	,,	3,872	5,360	6,448	5,359	6,448	5,027	4,217	5,289	5,205	4,282
Postal Savings and Postal Transfer Savings (3) End of Year or Month	,,	7,654	8,625	8,939	9,277	9,732	▲9,894	9,870	..	..	8,509
All Banks Account (2) End of Year or Month											
Deposits	,,	55,048	64,840	74,136	71,053	74,136	73,134	73,235	76,606	76,128	65,844
Loans	,,	50,244	58,129	68,028	65,956	68,028	68,219	68,807	70,271	70,222	59,624
Clearings of Bills (4)											
Number	1,000 bills	161,191	166,838	183,445	15,136	21,500	12,202	15,918	16,808	..	14,804
Amount	¥100,000,000	511,712	569,395	571,905	45,215	59,747	42,334	50,541	58,253	..	51,814
Interest Rate on Loan of All Banks (2)	Per Diem Rate for ¥100	2,304	2,333	2,223	2,209	2,223	2,236	2,246	2,249	..	2,240
Stocks											
Average Share Price (Tokyo Stock Exchange) (5)											
Dow Jones**	Yen	535.57	571.97	821.52	948.98	923.78	932.08	986.08	1,028.07	1,077.59	755.32
Simple Arithmetic Means	,,	114.10	110.36	146.39	160.42	152.36	150.34	158.12	163.20	166.75	138.22
Tokyo Stock Exchange (5)											
Total Turnovers	Million Stock	7,692	11,684	21,201	2,329	1,823	1,669	1,635	2,511	2,333	1,240
Investment Yields	%	7 14	6.66	4.54	4.13	4.70	4.43	4.24	4.18	4.05	4.94
Prices											
Bank of Japan Wholesale Price Indices (2)											
Total Average	1952=100	105.3	98.4	99.5	101.8	101.6	101.5	101.1	101.0	100.9	98.8
Producer Goods	,,	107.5	97.8	98.8	100.6	100.3	100.0	99.7	99.6	99.5	98.6
Consumer Goods	,,	102.2	99.3	100.3	103.4	103.4	103.5	102.9	102.9	102.9	99.0
Consumers Price Indices (6)											
All City Average	1955=100	103.5	103.0	104.1	105.3	105.3	106.2	106.3	105.8	..	103.1
Tokyo	,,	103.9	104.9	106.3	107.9	108.0	108.8	108.9	108.3	108.9	105.9
Tokyo Retail Price Indices (2)	1952=100	104.4	103.2	102.9	103.2	103.4	104.2	104.7	104.8	106.0	103.3
Tokyo Living Cost Indices (7)	1946. 11=100	869.3	871.7	879.1	894.0	890.8	908.1	906.5	912.0	916.7	887.9
Foreign Trade Price Indices (1)											
Exports	1953=100	97.4	90.7	90.4	92.9	93.2	93.6	94.1	94.4	..	88.8
Imports	,,	101.4	88.4	83.7	82.5	82.7	82.8	83.4	83.4	..	83.8
Foreign Trade											
Exports & Imports (1)											
Exports	Million Dollars	2,858	2,877	3,457	293	394	218	318	▲350	311	261
Imports	,,	4,284	3,033	3,598	290	373	331	364	435	355	299
Balance	,,	⊖1,426	⊖ 156	⊖ 141	3	21	⊖ 113	⊖ 46	⊖ 87	⊖ 44	⊖ 38
Foreign Trade Volume Indices (1)											
Exports	1953=100	231.5	239.9	284.9	286.2	382.7	213.7	308.0	..	..	286.2
Imports	,,	172.4	141.8	178.9	175.1	222.5	193.5	211.7	..	..	151.1
Foreign Exchange Accounts (2)											
Total Receipts	Million Dollars	3,643	3,510	4,046	346	397	316	349	399	..	333
Total Expenditure	,,	4,175	2,999	3,565	318	371	309	335	356	..	275
Balance	,,	⊖ 533	511	481	28	26	7	14	43	..	58
Foreign Currency Reserve (1)	,,	*524	*861	*1,322	1,291	1,322	1,328	1,321	1,361	1,385	1,009
Production & Inventories											
Producer Delivery Indices (8)											
All Industries	1955=100	143.3	144.2	178.0	192.3	206.0	192.2	▲215.4	232.8	216.6	167.3
Mining & Manufacturing	,,	144.5	144.8	179.7	194.7	208.2	193.9	▲219.4	236.9	219.5	168.4
Manufacturing	,,	146.4	147.0	185.0	201.3	215.2	200.4	▲227.7	245.8	227.3	173.3
Raw Material Inventories Indices (8)	,,	163.2	160.8	170.2	177.0	177.3	178.8	▲181.6	185.3	..	159.2
Producer Goods Inventories Indices (8)											
Mining & Manufacturing	,,	126.5	152.7	152.3	160.7	158.1	161.6	▲173.3	181.2	..	152.5
Sellers Inventories Indices (8)	,,	145.1	154.6	154.1	158.0	165.1	170.2	181.9	..	..	146.1
Construction Works Started (9)											
For Private Living	1,000 SM	22,413	23,194	25,701	2,104	2,883	1,294	1,817	..	..	1,788
Others	,,	21,332	19,970	25,065	2,133	3,198	1,650	2,037	..	..	1,951
Order Received for Machinery (10)	¥100,000,000	—	4,783	6,918	629	793	669	676	925	..	657
Warehouse Inventories (8 Biggest Cities) (11)	1,000 tons	3,017	2,719	..	..	..	..	..	..	..	2,648
Railroad Carloadings (12)	,,	179,992	167,047	177,757	15,595	16,346	14,115	15,568	16,817	16,141	14,393
All Japan Department Store Sales (8)	¥million	309,950	338,370	388,421	33,786	76,816	26,152	26,005	▲35,566	34,770	28,357
Labor, Household Budget											
Employment Indices (Regular Employees) (13) Manufacturing	1955=100	122.7	125.4	136.3	142.0	142.7	142.6	143.1	..	..	126.9
Employment Total (6)	10,000	4,284	4,312	4,370	4,456	4,248	4,101	4,202	4,331	..	4,237
Agricultural Employment	,,	1,607	1,547	1,537	1,611	1,378	1,280	1,292	1,391	..	1,346
Non-Agricultural Employment	,,	2,677	2,765	2,833	2,873	2,869	2,821	2,910	2,940	..	2,891
Total Unemployment (6)	,,	52	56	58	44	46	55	51	72	..	92
Regular Employee Cash Wage Total (13) Manufacturing	Monthly - yen	19,259	19,180	20,782	18,649	40,869	18,129	18,281	18,110	..	16,678
Regular Employees Real Wage Indices (13) Manufacturing	,,	109.3	112.8	121.0	107.3	235.1	103.4	104.2	103.7	..	98.0
Wage Earners Household Budget (All Cities) (6)										..	
Income	Monthly - yen	32,664	34,663	36,873	32,988	74,834	30,784	31,752	33,853	..	31,342
Expenditure	,,	28,946	30,638	32,126	30,575	53,478	29,540	29,386	32,679	..	31,226
Consumer Standards (10) All Cities	1955 F.Y.=100	109.8	116.9	123.1	120.6	187.9	111.2	116.8	123.1	..	119.5

Sources: (1) Finace Ministry. (2) Bank of Japan. (3) Ministry of Postal Services. (4) Tokyo Clearing House. (5) Tokyo Stock Exchansge. (6) Statistics Bureau, Prime Minister's Office. (7) The Oriental Economist. (8) Ministry of International Trade & Industry. (9) Ministry of Contruction. (10) Economic Planning Agency. (11) Transportation Ministry. (12) Japanese National Railways. (13) Labor Ministry

Notes: *as of Dec. **New version of Dow-Jones average is in effect since January, 1959. For the continuity of indexes, however, *The Oriental Economits* carries the old version re-calculated and adjusted from the new version. *** Corresponding months a year ago. ▲ Revised at source.

2. Treasury Accounts with the Public

(In ¥100,000,000) (Ministry of Finance.)

Items	Fiscal 1958	Fiscal 1959					Fiscal 1960				Fiscal 1959
	Total	Apr.—June	July—Sept.	Oct.—Dec.	Jan.—Mar.	Total	Jan.	Feb.	Mar.	Apr.	Apr.
General Account											
Revenue											
Taxes	10,151	2,620	2,880	3,012	3,400	11,912	997	894	1,509	834	666
Monopoly	1,176	396	344	226	257	1,220	58	▲ 106	93	152	135
Others	459	193	105	118	105	521	27	34	44	122	120
Total	11,786	3,329	3,329	3,356	3,762	13,660	1,082	▲ 1,034	1,646	1,108	921
Expenditure											
Security Forces	506	103	116	108	81	409	▲ 38	▲ 20	23	11	49
Defense Agency	1,159	395	231	390	298	1,318	59	▲ 91	148	199	188
Public Works Expenditure	1,175	230	235	421	415	1,294	25	▲ 79	311	292	151
Local Finance Equalization Grants	2,566	1,171	724	647	378	2,919	36	136	206	652	587
Compulsory Education Expenditure	952	261	192	346	178	977	66	▲ 64	48	108	81
Others	4,397	1,137	913	1,375	1,023	4,449	▲ 254	▲ 306	463	622	573
Total	10,755	3,297	2,411	3,289	2,273	11,366	478	696	1,199	1,889	1,629
Balance	1,031	⊣ 88	918	69	1,389	2,294	604	▲ 338	447	⊣ 781	⊣ 708
Special Accounts and Others											
Foodstuff Control	64	953	⊣ 445	⊣ 1,462	781	⊣ 174	▲ 281	▲ 201	299	414	398
Trust Funds Bureau	⊣ 504	⊣ 214	32	645	71	753	⊣ 8	▲ 101	⊣ 22	⊣ 200	⊣ 100
Industrial Investment	⊣ 43	⊣ 44	30	⊣ 44	33	23	⊣ 7	⊣ 10	50	⊣ 10	⊣ 22
Road Improvement	—	⊣ 187	⊣ 161	⊣ 291	⊣ 149	788	⊣ 17	▲⊣ 40	⊣ 92	⊣ 161	⊣ 83
National Railways and Nippon Telegraph & Tel. Public Corporation	123	97	181	⊣ 329	244	⊣ 6	▲ 213	82	⊣ 51	⊣ 176	⊣ 91
Finance Corporation	⊣ 1,295	310	⊣ 255	⊣ 441	⊣ 311	⊣ 1,296	⊣ 60	▲⊣ 76	⊣ 175	⊣ 101	⊣ 90
Others	64	147	356	119	639	967	▲ 388	▲ 127	124	⊣ 172	⊣ 189
Total	⊣ 1,591	46	⊣ 262	⊣ 3,066	1,308	⊣ 2,074	790	▲ 385	133	⊣ 406	⊣ 167
Adjustment Items	⊣ 15	⊣ 118	⊣ 8	22	61	⊣ 40	⊣ 19	▲ 19	61	19	⊣ 3
Foreign Exchange	⊣ 1,935	473	⊣ 411	⊣ 495	132	⊣ 1,513	49	▲ 34	⊣ 117	⊣ 120	⊣ 108
Balance	2,510	⊣ 725	237	⊣ 3,470	2,626	⊣ 1,333	1,326	▲ 776	524	⊣ 1,288	⊣ 986

3. Monthly Report of All Banks

(February 1960 Excluding Bank of Japan)
(In million yen) (Bank of Japan)

	All Banks							Trust Account (16)
	Debenture Issuing Banks (3)	City Banks (13)	Local Banks (64)	Trust Banks (7)	Total (87)	Leftover from Pre. mo. (86)	Month-end, previous year (86)	
Deposits								
Current Deposits	23,511	761,993	210,536	51,820	1,047,862	1,114,529	1,122,286	—
Ordinary Deposits	10,942	700,012	446,953	27,537	1,185,445	1,200,259	1,047,201	—
Deposits at Notice	39,493	341,568	104,723	53,440	539,225	549,601	441,199	—
Time Deposits	18,780	2,423,214	1,328,108	89,290	3,913,393	3,859,674	3,233,190	—
Special Deposits	5,420	218,317	68,248	12,208	304,195	252,363	235,791	—
Instalment Savings	—	42,129	136,170	3,660	181,961	184,084	172,197	—
Deposits for Tax Payment	77	10,492	3,268	242	14,081	15,594	8,247	—
Deposits of Gov't and Gov't Agencies	511	135,859	—	—	136,370	136,423	114,831	* 246,923
Other Deposits	77	997	—	—	1,074	934	868	** 383,669
Total	98,814	4,634,585	2,352,009	238,200	7,323,609	7,313,465	6,365,815	—
Borrowed Money	14,659	474,011	9,782	7,278	505,732	449,875	415,848	—
Due to the Bank of Japan Only	2,837	323,722	5,257	518	332,336	271,579	366,053	—
Borrowings for Settlement of Import Bills	727	36,508	149	—	37,380	35,960	35,788	—
Call Money	1,310	251,846	16,349	13,266	282,772	290,828	257,923	—
Cash and Deposits								
Cash in Hand	17,944	702,859	155,560	36,157	912,521	881,265	967,883	4,417
Deposits with Domestic Money Organs	3,530	16,069	30,678	6,601	56,880	52,647	28,388	1,952
Call Loans	12,202	103	84,167	15,860	112,332	123,837	66,880	87,296
Securities								
Government Bonds	1,635	34,028	8,383	446	44,847	4,658	45,413	53
Local Government Bonds	4,176	58,359	29,931	291	92,788	92,006	86,785	1,851
Foreign Bonds	12	1,737	—	—	1,750	1,750	2,778	—
Corporate Debentures	36,459	517,628	343,634	18,711	926,427	909,772	719,673	7,026
Stocks	17,511	119,218	38,937	7,988	183,656	179,386	144,274	7,432
Other Bonds	351	737	1,321	4,128	6,538	6,614	4,589	29
Total	60,141	741,739	422,207	31,566	1,255,649	1,234,188	1,003,515	16,933
Advance								
Discount Bills	16,466	1,460,850	568,070	106,427	2,151,815	2,173,038	1,706,103	13,174
Bank Acceptance Bills	—	899	10,847	40	11,787	15,074	16,502	—
Commercial Bills	16,466	1,458,937	555,301	106,378	2,137,084	2,155,255	1,686,959	—
Documentary Bills	—	1,013	1,921	8	2,943	2,708	2,641	—
Advances against Guarantee	760,400	2,502,462	1,309,129	99,941	4,671,933	4,592,983	4,080,146	574,279
Loans on Bills	60,030	2,433,607	1,245,621	96,806	3,836,066	3,777,164	3,394,268	144,710
Loans on Deeds	700,243	26,739	47,134	2,318	776,436	760,212	631,057	155,675
Overdrafts	127	42,114	16,373	815	59,430	55,606	54,820	—
Loans for Settlement of Import Bills	1,058	54,451	1,040	505	57,056	55,923	56,069	—
Total	777,929	4,017,764	1,878,239	206,874	6,880,804	6,821,944	5,842,319	587,453

Note : * Money in trust total Loan **trust. Figures in parentheses denote the number of banks surveyed.

4. Bank of Japan Ten-day Report

(In million yen)

(Bank of Japan)

Items	1960			1959
	Apr. 10	Apr. 20	Apr. 30	Apr. 30
LIABILITIES				
Bank Notes Issued	807,538	791,564	904,452	768,905
Bankers' Deposits	81,607	87,303	40,362	9,033
Government Deposits	40,288	44,063	50,404	47,086
Other Deposits	11,904	11,894	13,286	12,341
Reserves Against Contingencies	49,128	49,128	49,128	43,749
Other Liabilities	46,064	45,792	48,360	54,821
Capital Stock	100	100	100	100
Reserve Funds	27,115	27,115	27,115	23,527
Total	1,063,747	1,056,963	1,133,210	959,565
ASSETS				
Bullion	25,521	25,521	25,521	447
Cash	7,247	7,533	6,866	7,118
Discounted Bills	60,492	58,670	53,415	43,662
Loans	332,808	280,055	281,366	283,689
Foreign Exchange Loans	—	—	—	—
Loans to Gov't	—	—	—	—
Government Bonds	398,421	444,522	520,544	428,258
Foreign Ex. Accounts	200,848	200,910	220,994	143,199
Agencies Accounts	18,751	15,538	23,676	22,552
Other Assets	24,655	24,211	20,823	30,637
Total	1,063,747	1,056,963	1,133,210	959,565

5. Outstanding Loans to Industries by All Banks

(In million yen)

(Bank of Japan)

End of Month	February 1959			March 1960		
	Loans Total	For Equipments	For Co. of ¥10 Million or less	Loans Total	For Equipments	For Co. of ¥10 Million or less
Manufacturing total	3,313,623	498,877	857,425	3,378,285	518,254	871,208
Foodstuffs	264,366	16,983	127,537	270,136	252,050	128,263
Textiles	634,035	66,090	210,085	639,466	67,134	211,330
Wood and Wood Products	126,649	4,224	105,510	131,952	4,453	109,669
Paper & Related Products	197,078	42,183	31,156	199,162	44,154	31,895
Printing & Publishing	65,487	7,244	22,995	65,593	7,240	22,963
Chemicals	421,245	103,626	44,577	429,322	106,737	45,129
Glass & Ceramics	125,007	24,540	23,276	128,967	25,684	23,858
Iron & Steel	347,999	97,314	28,519	356,035	101,572	29,728
Non-ferrous Metals	103,249	13,702	18,015	105,666	14,119	18,292
Machinery	175,536	13,136	72,834	179,030	13,837	73,673
Electric Machinery & Tools	281,539	40,531	31,355	285,220	41,486	31,996
Trans. Machinery & Tools	246,269	26,169	28,343	252,879	27,668	29,590
Agriculture	17,005	964	16,722	16,453	1,067	19,144
Forestry & Hunting	14,161	86	11,281	14,522	86	11,654
Fishery	80,010	23,898	23,891	80,842	24,769	24,139
Mining	159,580	36,118	16,362	155,307	36,860	16,247
Metal Mining	38,899	9,659	1,116	37,685	10,004	1,163
Coal Mining	98,658	19,528	9,278	95,244	19,823	9,133
Construction	177,707	6,212	71,877	181,970	7,139	74,133
Wholesale & Retail	2,022,753	32,325	349,602	2,063,479	33,846	969,503
Wholesale	1,832,077	18,264	814,601	1,865,116	19,224	830,264
Retail	190,676	14,060	135,000	198,362	14,622	136,239
Finance Insurance	103,139	276	13,080	105,705	296	13,278
Real Estate	53,188	18,241	20,486	55,787	19,197	21,609
Trans. & Communications	347,555	171,368	38,813	350,327	175,458	39,552
Railways	70,822	27,008	289	71,247	27,801	258
Shipping	163,859	112,908	14,332	165,184	115,398	14,545
Public Utilities	251,287	236,822	348	252,140	237,634	317
Services	145,783	44,876	92,030	149,325	45,993	94,342
Local Public Corporation	44,332	12,668	—	66,294	12,456	—
Others	91,202	6,391	91,202	96,730	6,640	96,730
Total	6,821,373	1,089,129	2,203,126	6,970,172	1,119,703	2,251,864

6. Tokyo-Osaka Call-Money and Its Rates

(Bank of Japan)

Year & Month	Tokyo			Osaka		
	Rate		Balance at the End of the Month (million yen)	Rate		Balance at the End of the Month (million yen)
	Over-Month-End (sen)	Unconditional (sen)		Over-Month-End (sen)	Unconditional (sen)	
1959: Nov.	2.30	2.30	247,674	2.30	2.30	57,056
Dec.	2.30	2.30	214,165	2.30	2.30	54,259
1960: Jan.	2.30	2.30	221,256	2.30	2.30	54,781
Feb.	2.30	2.30	208,600	2.30	2.30	54,524
Mar.	2.30	2.30	188,713	2.30	2.30	49,902
Apr.	2.30	2.30	232,293	2.30	2.30	62,511
1959: Apr.	2.40	2.30	151,775	2.40	2.30	37,352

7. Postal Savings & Postal Transfer Savings

(In million)

(Ministry of Postal Services)

End of Month	Postal Savings			Postal Transfer Savings	Total
	Receipts	Payments	Balance		
1959: Sept.	64,165	61,987	903,024	16,294	919,319
Oct.	84,352	71,310	916,067	9,336	925,403
Nov.	61,804	60,059	916,986	9,847	926,843
Dec.	131,380	86,961	962,225	10,937	973,162
1960: Jan.	76,249	58,803	979,672	9,740	989,412
Feb.	72,563	23,725	978,509	8,497	987,007
1959: Feb.	58,109	59,620	844,089	6,831	850,921

8. Bank Clearings

(In billion yen)

(Tokyo Clearing House)

Year & Month	All Clearing		Tokyo		Osaka	
	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
	(1,000)		(1,000)		(1,000)	
1959: July	15,686	4,608	6,372	2,187	3,169	993
Aug.	14,976	4,541	5,932	2,146	3,110	978
Sept.	15,187	5,041	6,047	2,468	3,129	1,017
Oct.	15,673	4,906	6,304	2,376	3,238	1,012
Nov.	15,136	4,522	6,038	2,186	3,129	923
Dec.	21,500	5,975	8,490	2,884	4,458	1,208
1960: Jan.	12,202	4,233	4,906	2,061	2,347	850
Feb.	15,918	5,054	6,287	2,464	3,287	1,052
Mar.	16,808	5,825	6,725	2,897	3,425	1,160
1959: Mar.	14,804	5,181	5,953	2,465	3,013	1,087

9. Average Yields of Debentures

(Industrial Bank of Japan)

Month	Gov't Bonds	Local Gov't Bonds	Financial Debenture		Industrial Debenture
			Interest Bearing	Discount	
1959: July	—	7.720	7.621	6.643	7.900
Aug.	—	7.720	7.621	6.643	7.909
Sept.	6.324	7.720	7.621	6.643	7.905
Oct.	—	7.709	7.621	6.643	7.902
Nov.	—	7.691	7.621	6.643	7.913
Dec.	6.324	7.682	7.621	6.643	7.899
1960: Jan.	—	7.682	7.621	6.643	7.911
Feb.	—	▲7.659	7.621	6.643	7.883
Mar.	6.324	7.674	7.621	6.643	7.907
1959: Mar.	6.324	7.712	7.621	6.643	7.916

Note: Table 6: How to Compute Per Diem Interest: In addition to the usual annual rate in percentage, computing interest by per diem rates is widely in vogue in Japan. This rate is expressed in sen (1/100 yen) as interest per day on ¥100 of principal. To find the usual annual rate from the per diem rate, multiply the latter by 365. For example, a per diem rate of 1.0 sen on a principal ¥100 gives an interest of 365 sen or ¥3.65 per year or 3.65% per annum.

10. Government Bonds

(In million yen) (Bank of Japan)

End of Month	Government Bonds			Foreign Exchange Fund Bills			Food Notes		
	Issue	Redemption	Balance	Issue	Redemption	Balance	Issue	Redemption	Balance
1959: Nov.	389	431	455,996	153,000	133,000	229,000	133,005	58,166	381,020
Dec.	7,789	3,354	460,430	127,000	119,000	237,000	307,052	285,982	402,090
1960: Jan.	493	141	460,782	115,000	139,998	212,002	74,039	147,977	328,152
Feb.	564	215	461,131	111,046	131,002	192,046	244,054	286,814	285,392
Mar.	2,860	3,222	460,769	226,011	167,972	250,085	84,124	41,338	328,178
1959: Mar.	18,292	16,756	400,315	156,000	112,088	178,000	85,319	76,000	289,336

11. Corporate Debentures & Public Corporation Bonds

(In million yen) (Industrial Bank of Japan)

End of Month	Corporate Debentures									Public Corporation Bonds		
	Banking Bonds			Industrial Bonds			Total					
	Issue	Redemption	Balance	Issue	Redemption	Balance	Issue	Redemption	Balance	Issue	Redemption	Balance
1959: Oct.	35,899	17,497	785,376	15,745	4,025	513,531	58,498	21,947	1,544,951	6,853	424	246,043
Nov.	34 912	17,380	802,908	17,957	4,526	526,562	59,436	22,214	1,582,173	6,567	307	252,302
Dec.	39,984	19,524	823,368	16,495	3,733	539,687	63,310	23,292	1,622,155	6,830	34,190	259,099
1960: Jan.	33,531	16,479	840,421	14,860	5,214	549,333	55,044	21,971	1,655,229	6,652	277	265,474
Feb.	33,087	15,656	857,853	14,750	4,168	560,919	55,218	20,217	1,691,234	7,380	392	272,462
Mar.	33,875	20,143	871,584	19,213	6,352	573,780	60,821	28,289	1,723.766	7,732	1,793	278,400
1959: Mar.	27,891	10,272	676,820	18,672	4,111	431,376	49,689	14,949	1,314,891	3,126	565	206,694

12. Contracts & Investments of Mutual Life Insurance Companies

(In million yen) (Mutual Life Insurance Association)

End of Month	Mid-Month Contract Amounts	End-Month Contract Amounts	Loans Total	Call Loans	Negotiable Securities			Real Estate	Cash & Deposits	Others
					Total	Debentures	Stocks			
1959: November	272,695	5,222,238	330,873	8,743	133,612	10,930	120,999	45,842	4,462	7,774
December	227,404	5,335,657	341,297	7,004	137,225	10,998	124,352	47,860	4,117	8,330
1960: January	152.783	5,398,930	343,618	7,323	142,509	11,291	129,152	49,594	3,842	8,243
February	175,145	5,490,745	351,650	5,619	146,289	11,531	132,685	50,974	3,673	8,461
1959: February	122,407	4,397,311	264,455	5,280	117,958	8,358	107,582	38,933	3,553	6,380

13. Contracts & Investments of Non-Life Insurance Companies

(In million yen) (Non-Life Insurance Association)

End of Month	Mid-Month Contract Amounts	End-Month Contract Amounts	Loans Total	Call Loans	Negotiable Securities			Real Estate	Deposits	Cash	Asset Total (Inc. Others)
					Total	Debentures	Stocks				
1959: Nov.	2,292.733	12,306,177	23.559	4,782	70.659	4,223	61,673	18,222	31,174	552	170,410
Dec.	2,606,076	12,394,470	23,972	2,794	71,953	4,254	62,633	18,537	32,323	283	171,961
1960: Jan.	2,195,367	12,726,163	23,928	4,097	74,546	4,318	65,244	18,573	30,725	576	174,367
Feb.	2,228,578	12,966,755	23,869	4,319	75,765	4,364	66,175	18,675	30,996	494	178,305
1959 Feb.	1,756,108	10,860,735	21,920	6,270	63,261	2,629	56,197	17,644	28,322	719	158,004

14. Stock Issue Plan & Paid-Up Capital

(In million yen) (Ministry of Finance)

Year & Month	Stock Issue Plan						Paid-Up Capital					
	Over ¥50 million		Under ¥50 million		Total		Over ¥50 million		Under ¥50 million		Total	
	No. of Effective Cases	Increase in Capital	No. of Effective Cases	Increase in Capital	No. of Effective Cases	Increase in Capital	No. of Effective Cases	Increase in Capital	No. of Effective Cases	Increase in Capital	No. of Effective Cases	Increase in Capital
1959: September	41	37,032	390	11,031	431	48,063	22	10,156	344	10,000	366	18,819
October	39	27,168	356	10,168	395	37,336	59	45,736	388	8,663	447	59,389
November	30	27,299	329	10,425	359	37,724	16	15,080	347	13,653	363	23,516
December	61	75,341	324	6,364	389	81,705	66	46,383	435	10,481	501	56,864
1960: January	44	22,753	314	6,301	358	29,054	26	30,017	230	4,336	256	34,353
February	58	31,757	427	8,391	485	40,149	53	55,491	167	3,387	220	58,877
March	47	22,830	452	8,826	499	40,390	42	30,962	424	7,999	466	38,962
1959: March	16	6,382	373	5,073	389	11,455	10	1,307	337	5,803	347	7,110

15. Tokyo Wholesale Price Indices

(1952=100) (Bank of Japan)

Year & Month	Total Average	Metal & Machinery	Textiles	Agricultural Products	Fuels	Building Materials	Chemical Products	Sundries	By Uses		
									Producer's Goods	Capital Goods	Consumer's Goods
1959: Dec.	101.6	100.9	78.8	108.5	108.9	133.3	79.5	91.6	100.3	115.2	103.4
1960: Jan.	101.5	100.6	78.2	108.5	109.7	132.9	79.6	91.5	100.0	115.1	103.5
Feb.	101.1	100.7	76.3	108.3	109.7	132.8	79.7	91.2	99.7	115.2	102.9
Mar.	101.0	101.0	75.6	108.6	108.8	132.5	80.0	91.4	99.6	115.0	102.9
April	100.9	100.5	76.0	108.8	108.5	131.5	80.3	91.2	99.5	114.5	102.9
1959: April	98.8	99.8	74.6	106.4	104.5	128.6	78.3	90.2	98.6	112.6	99.0

Notes: Food Notes in Table 10 do not include Korean food notes. Public Corporation Bonds are the total of National Railways Bond and Telephone & Telegraph Corporation Bonds. ▲ Revised at source.

16. Tokyo Retail Price Indices

(1952=100) (Bank of Japan)

Year & Month	Total Average	Agricultural Products	Textile Products	Metal Products	Wood Products	Fuel	Miscellaneous	*Total Average	Total Average (1934-6=100)
1959: November	103.2	111.5	84.7	95.2	105.3	124.2	97.2	101.3	31,009.9
December	103.4	111.2	84.7	95.2	105.8	127.6	98.9	101.5	31,070.0
1960: January	104.2	112.6	86.4	95.0	105.8	127.7	97.1	101.7	31,310.4
February	104.7	113.6	86.4	94.8	105.9	127.9	97.0	101.7	31,460.7
March	104.8	113.6	86.6	95.0	106.5	127.9	97.0	101.6	31,490.7
April	106.0	116.1	86.7	94.4	106.8	125.9	97.0	101.5	31,851.3
1959: April	103.3	113.2	82.1	93.7	105.4	123.5	96.0	99.7	31,040.0

17. Consumer Price Indices

(1955=100) (Bureau of Statistics, Prime Minister's Office)

		Total Average	Food	Staple Food	Nonstaple Food	Housing	Light & Fuel	Clothing	Miscellaneous
All Cities	1959: October	105.9	104.3	101.2	102.8	123.7	106.5	97.7	108.8
	November	105.3	102.7	100.7	106.1	124.4	108.4	98.3	108.9
	December	105.3	102.0	100.4	103.8	125.0	109.5	98.5	109.7
	1960: January	106.2	103.0	100.4	102.9	125.4	112.0	97.9	110.8
	February	106.3	103.9	100.3	104.6	125.6	112.4	96.4	109.9
	March	105.8	102.9	100.4	104.4	125.9	112.2	96.4	110.1
	1959: March	103.1	101.4	101.0	101.7	119.3	107.2	93.7	106.3
Tokyo	1959: October	107.8	106.4	104.5	107.2	128.5	101.7	102.4	109.7
	November	107.9	105.6	104.6	106.1	129.5	103.4	104.5	109.1
	December	108.0	105.1	104.3	105.4	130.3	104.0	105.1	109.9
	1960: January	108.8	105.5	104.3	106.0	130.4	108.3	104.4	111.5
	February	108.9	106.3	104.0	107.4	130.8	108.9	102.8	111.0
	March	108.3	105.4	104.4	105.9	131.1	108.6	100.9	111.4
	April	108.9	105.5	104.5	106.0	131.2	108.1	100.4	113.5
	1959: April	105.9	104.1	105.2	103.6	125.2	102.5	95.7	109.8

18. Labor Population Survey

(In 10,000) (Labor Ministry)

Year & Month	Total Population	Population 15 years old and over					Not in Labor Force	Agriculture & Forestry		Non-Agricultural Industry	
		Total 1)	Labor Force					Not at Work	At Work	Not at Work	At Work
			Total of the following three columns	Agriculture & Forestry	Non-Agricultural Industries	Totally Unemployed					
1959: Oct.	9,305	6,498	4,548	1,757	2,790	41	1,904	17	1,740	30	2,760
Nov.	9,311	6,506	4,456	1,611	2,843	44	1,999	15	1,596	27	2,817
Dec.	9,318	6,513	4,248	1,378	2,869	46	2,210	23	1,355	28	2,841
1960: Jan.	9,326	6,525	4,101	1,279	2,821	55	2,363	28	1,252	32	2,790
Feb.	9,334	6,536	4,202	1,292	2,910	51	2,275	..	..	..	..
Mar.	9,341	6,545	4,331	1,390	2,940	72	2,130	..	..	..	..
1959: Mar.	9,251	6,416	4,237	1,346	2,891	92	2,077	28	1,162	32	2,838

19. Labor Disputes & No. of Participants

(1,000 Participants) (Labor Ministry)

Year & Month	Dispute Total		Accompanied by Disputes							
			Total		Strikes		Work Slowdown		Business Control	
	No. of Cases	No. of Participants	No. of Cases	No. of Participants	No. of Cases	No. of Participants	No. of Cases	No. of Participants	No. of Cases	No. of Participants
1959: August	214	(86)	81	165	65	124	23	43	2	100
September	173	(70)	88	72	48	21	46	65	2	107
October	▲210	▲(87)	▲101	▲213	▲ 73	▲112	▲ 43	132	1	77
November	▲415	▲(279)	▲286	▲366	▲172	▲206	▲154	▲204	1	▲30
December	▲511	▲(258)	▲294	▲285	▲191	▲159	▲133	▲147	1	30
1960: January	214	(52)	51	64	32	22	21	42	—	▲39
February	264	(100)	129	62	76	31	66	32	—	—
1959: February	179	(90)	67	293	39	62	41	234	—	—

20. Mining-Manufacturing Indices

(1955=100) (Statistics Bureau, MITI)

Year & Month	Composite	Public Utilities	Mining-Manufacturing	Mining	Manufacturing	Iron & Steel	Non-ferrous Metals	Machinery	Ceramics	Chemicals	Oil & Coal	Rubber	Hides & Leathers	Paper & Pulp	Textiles
1959: Aug.	179.2	155.6	181.0	111.1	186.9	177.6	172.7	318.7	160.2	173.0	212.2	192.0	124.9	164.3	136.6
Sept.	186.0	154.7	188.4	120.9	194.0	180.5	176.4	342.1	165.1	177.3	200.7	206.6	131.9	167.7	151.2
Oct.	189.6	163.1	191.7	123.6	197.4	192.9	183.9	348.5	174.3	177.6	230.1	214.1	133.2	174.4	144.6
Nov.	192.3	161.2	194.7	115.5	201.3	195.4	178.6	356.6	179.1	175.0	233.5	210.4	123.3	173.5	153.3
Dec.	206.0	177.3	208.2	124.2	215.2	201.4	197.3	387.9	187.1	181.4	257.2	226.5	124.6	179.3	156.7
1960: Feb.	▲215.4	164.2	▲219.4	▲120.8	▲227.7	▲195.7	▲201.5	▲393.9	▲178.9	▲179.0	▲248.1	▲229.1	▲121.5	▲173.1	▲157.0
Mar.	231.8	179.6	235.8	127.9	244.8	206.6	211.4	414.2	202.9	193.1	278.3	245.2	125.0	188.0	157.6
1959: Mar.	175.3	154.0	176.9	101.9	183.2	146.7	151.3	274.8	150.4	161.2	189.9	175.6	129.9	157.4	128.0

Notes: * except perishable vegetables. Figures in parentheses in Table 19 are not in 1,000. Figures in parentheses in Table 20 are the numbers of companies surveyed. ▲ Revised. 1) 15 years and over.

21. Production by Major Items

Items	In	1960 January	February	March
Energies			▲	△
Electricity	Mil. KWH	7,399	7,158	7,938
Coal	1,000 Tons	3,916	4,032	4,337
Cokes	Tons	1,011,293	958,662	1,020,549
Gas (city use)	1,000 CM	464,170	436,687	409,274
Crude Oil	Kl	44,651	42,371	44,159
Natural Gas	1,000 CM	56,452	56,881	61,809
Gasoline	Kl	461,226	472,240	532,213
Petroleum	,,	1,199,923	1,239,116	1,429,914
Lubricants	,,	48,066	51,923	54,617
Kerosene	,,	157,396	169,544	197,565
Light Oil	,,	166,488	163,667	195,094
Minerals				
Gold Ores	KG	639	632	652
Silver Ores	,,	17	18	17
Copper Ores	Tons	7,264	7,283	7,403
Lead Ores	,,	3,163	3,323	3,224
Zinc Ores	,,	12,018	12,174	11,931
Sulphuric Iron	1,000 Tons	290	305	297
Iron Ores	Tons	88,693	97,755	105,548
Sulphur	,,	18,573	20,051	21,625
Lime Stone	1,000 Tons	2,453	2,886	2,961
Non-ferrous Metals				
Electric Gold	KG	771	859	907
Electric Silver	,,	25,548	25,727	25,890
Electric Copper	Tons	19,143	18,877	20,836
Lead	,,	6,112	6,122	6,381
Zinc	,,	14,065	13,508	14,794
Electric Tin	KG	27,855	93,540	133,328
Quick Silver	,,	69,322	67,625	73,345
Aluminium	Tons	9,687	9,316	9,970
Rolled Aluminium	,,	9,432	10,005	10,336
Rolled Copper	,,	19,253	21,187	22,000
Electric Cables	,,	16,193	17,700	17,291
Iron & Steel				
Pig Iron	Tons	899,917	846,290	918,441
Ferro-alloys	,,	23,369	18,428	30,472
Steel	,,	1,649,831	1,684,591	1,803,043
Open Hearth Steel	,,	1,191,436	1,196,558	1,276,975
Converter Steel	,,	146,260	154,482	178,249
Electric Furnace Steel	,,	312,135	333,551	347,819
Forged Steel	,,	15,644	18,711	19,594
Cast Steel	,,	25,668	28,808	27,269
Hot Rolled Steel Materials	,,	1,170,669	1,244,347	1,312,129
Steel Shape (medium)	,,	21,584	25,618	39,037
Steel Bars (small)	,,	12,959	13,027	16,452
Wire Rod	,,	74,939	86,348	89,997
Steel Sheet (thick)	,,	216,164	225,207	244,757
Steel Sheet (thin)	,,	60,069	64,109	59,839
Steel Band (wire)	,,	258,272	266,037	285,750
Rolled Special Steel Materials	,,	87,792	96,387	96,072
Steel Tube	,,	83,757	89,487	97,884
Cold Rolled Steel Sheet	,,	153,590	142,245	147,987
Galvanized Steel Sheet	,,	67,928	72,191	70,500
White Sheet	,,	33,898	34,473	36,831
Machinery & Machine Tools				
Steam Boiler	T/H	336	374	1,855
Steam Turbine	KW	11,950	16,892	164,504
Water Turbine	,,	32,063	100,000	12,880
Gasoline Engine	,,	54,425	70,117	72,376
Oil Burners	,,	28,265	30,894	34,578
Diesel Engines	,,	68,916	71,508	83,002
Bearings	Tons	2,002	2,297	2,398
Transmitter	,,	999	1,057	1,019
Machine Tools	,,	2,700	3,558	3,376
Rolling Machine	,,	10,695	10,376	10,712
Crane	,,	1,960	2,255	2,319
Winches	,,	1,026	1,201	1,380
Conveyor	,,	2,608	3,363	3,525
Pump	,,	2,545	3,731	3,460
Refrigerator	,,	736	937	977
Spinning Machine	Units	1,049	1,142	1,125
Weaving Machine	,,	3,758	3,742	3,888
Sewing Machine	1,000 Units	214	242	238
Cultivator	Units	4,650	7,407	9,073
Hand Tractor	,,	10,192	14,298	17,552

Items	In	1960 January	February	March
			▲	△
Thrasher	Units	12,362	16,946	18,250
Hulling Machine	,,	3,108	3,300	3,703
Rice-Wheat Cleaning Machine	,,	6,482	5,551	5,531
Alternating Current Motor	KW	377,578	430,810	453,146
Mercury Rectifier	,,	49,855	45,435	32,821
Transformer	1,000 KVA	1,543	1,828	1,763
Electric Fan	Units	141,870	126,017	175,090
Electric Washer	,,	98,948	108,710	112,848
Electric Refrigerator	,,	56,651	52,510	62,746
Telephone	,,	96,420	103,764	111,452
Automatic Switchboard	Circuits	56,428	65,887	75,810
Radio Set	1,000 Sets	896	982	979
Television Set	Sets	277,763	308,935	300,246
Electric Tube for Receiving	1,000 Pcs.	11,660	13,183	13,350
Industrial Meter	Units	10,902	12,145	11,892
Electric Bulb	1,000 Pcs.	10,931	12,540	13,539
Special Electric Bulb	,,	7,649	9,516	9,015
Passenger Car	Units	7,154	8,950	10,222
Bus	,,	627	774	858
Small Four-wheeler Chassis	,,	11,840	14,481	16,040
Truck Chassis	,,	4,614	5,297	6,319
Three-wheel Truck	,,	16,734	21,407	23,378
Motorcycle	,,	11,768	10,989	10,500
Bicycle	,,	256,692	280,281	321,482
Watch	1,000 Pcs.	944	1,048	1,143
Camera	Pcs.	130,683	147,748	155,000
Binoculars	,,	88,373	98,559	102,000
Textiles				
Rayon Yarn	Tons	11,066	10,858	11,515
Rayon Staple	,,	24,951	24,806	25,054
Synthetic Textile	,,	8,805	8,740	9,658
Vinylon	,,	1,752	1,661	1,809
Nylon	,,	3,036	2,973	3,373
Cotton Yarn	,,	41,376	46,738	44,263
Woollen Yarn	,,	10,082	11,112	11,105
Bast Fibre Yarn	,,	4,954	5,383	5,604
Rayon Staple Yarn	,,	16,333	17,330	17,219
Synthetic Fibre Yarn	,,	7,109	8,379	8,710
Cotton Textile	1,000 sq. m.	238,406	262,614	255,324
Woollen Textile	,,	24,019	26,114	25,768
Silk Textile	,,	20,429	20,484	19,641
Bast Fibre Textile	,,	7,633	9,057	9,672
Rayon Textile	,,	65,244	60,558	61,871
Rayon Staple Textile	,,	79,179	83,197	84,190
Synthetic Fibre Textile	,,	26,369	29,879	30,588
Paper & Pulp				
Pulp	Tons	263,113	271,575	295,511
Western-Style Paper	,,	181,500	189,283	205,180
Hard Board	,,	121,460	126,361	137,330
Chemicals				
Ammonium Sulphate	Tons	214,277	191,474	217,929
Superphosphate of Lime	,,	166,290	186,259	215,741
Carbide	,,	59,932	40,437	84,568
Chemical Fertilizer	,,	172,414	193,571	220,892
Calcium Cyanamide	,,	26,017	24,614	34,985
Urea	,,	59,515	55,260	59,768
Sulphuric Acid	,,	370,958	354,913	378,643
Caustic Soda	,,	68,865	65,168	72,119
Soda Ash	,,	42,655	40,916	42,714
Soap	,,	26,942	27,337	29,270
Paint	,,	21,977	22,692	24,200
Film	1,000 sq. m.	748	935	891
Cement & Ceramics				
Cement	1,000 Tons	1,423	1,624	1,968
Sheet Glass	1,000 Boxes	1,095	1,015	1,043
Porcelain & Ceramics	Tons	52,199	58,191	59,650
Glass Products	,,	35,623	38,243	41,890
Fire Brick	,,	114,570	122,673	126,729
Miscellaneous				
Automobile Tire	Tons	4,726	5,280	5,840
Leather	,,	7,235	7,848	8,319
Match	Match tons	34,596	37,793	37,618
Pencil	1,000 Gross	610	676	711
Metal Toy	1,000 Dz.	1,149	1,441	1,585

Note △ Provisional figures. ▲ Revised.

22. Machinery Orders (In million yen) (Economic Planning Board)

Items	1959 Aug.	Sept.	Oct.	Nov.	Dec.	1960 Jan.	Feb.	1959 Feb.
By Products								
Prime Movers	8,187	9,727	4,607	4,219	15,174	▲15,963	8,082	5,337
Heavy Electric Machinery	12,379	17,330	15,127	13,561	18,331	15,718	17,208	12,183
Communication Apparatus	4,283	5,622	4,623	5,833	6,142	3,965	3,245	2,644
Industrial Machinery	23,276	27,067	24,658	31,298	27,866	24,964	30,090	18,726
Machine Tools	2,329	2,951	3,353	3,536	3,493	2,715	3,836	2,081
Rolling Stocks	2,495	1,578	2,450	2,687	7,318	2,303	2,864	1,926
Ships	4,623	16,049	16,549	6,119	5,391	5,172	6,923	2,063
Total of the Above	57,552	80,324	71,367	67,253	83,715	▲70,800	72,248	44,960
Iron & Steel Frames	1,624	2,293	1,544	3,441	3,853	1,524	3,873	899
Bearings	2,580	2,247	2,303	2,370	2,362	2,500	2,722	1,676
Electric Wires & Cables	7,500	9,593	11,929	11,031	9,488	9,568	13,762	8,334
Total	11,704	14,133	15,776	16,842	15,703	13,592	20,357	10,909
By Customers								
Foreign Sources	6,188	11,355	10,110	4,959	10,035	4,031	5,539	3,670
Government	7,716	8,115	7,388	9,982	12,006	7,043	5,219	4,085
Private	36,486	52,270	46,015	44.979	54,688	53,300	53,871	31,451
Manufacturing	23,572	30,443	22,688	29,378	26,903	24,092	31.527	18,815
Textiles	3,636	3,577	2,435	3,478	3,154	3,001	3,149	2,655
Chemicals	7,118	9,229	6,511	5,903	6,796	6,088	7,756	4,149
Iron & Steel	6,145	11,557	6,117	12,065	9,547	8,072	11,329	7,008
Machinery	4,112	3,812	4,328	4,594	4,376	3,540	5,206	1,867
Shipbuilding	255	207	220	190	257	206	410	593
Others	2,306	2,016	3,115	3,148	2,773	3,185	3,677	2,543
Non-Manufacturing	12,914	21,827	23,327	15,601	27,785	29,208	22,344	12,636
Transportation	2,609	9,545	11,516	4,028	3,110	3,700	5,274	2,132
Electric Power	3,569	5,133	4,440	3,671	16,899	17,921	5,967	4,012
Coal Mining	740	654	545	596	793	576	637	558
Agriculture, Forestry, Fishery	2,001	2,329	2,376	2,171	1,789	2,204	2,580	2,082
Others	3,995	4,166	4,450	5,135	5,194	4,807	7,886	3,852
Sales Agents	2,487	2,849	3,522	3,019	2,620	2,565	2,996	2,129
Total Orders	52,877	74,589	67,035	62.939	79,349	66,939	67,625	41,335
Orders Outstanding	722,563	733,492	746,302	746,185	762,944	▲783,359	776,247	700,539
Sales Total	53,446	65,990	64.258	67,042	62,118	52,073	76,231	51,201

23. Total Power Generation & Consumption (10⁶ KWH) (MITI)

Items	1959 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1960 Jan.	Feb.	1959 Feb.
Total Power Generation	8,055	7,743	8,319	7,992	7,979	8,390	8,239	8,872	..	..	6,898
Hydraulic Power	6,355	5,168	6,075	5,562	5,080	5,465	4,678	4,598	..	..	5,135
Thermal Power	1,700	2,575	2,244	2,430	2,990	2,925	3,561	4,274	..	..	1,763
Generation by Electric Industries	7,018	6,727	7,281	7,023	6,966	7,340	7,198	7,795	7,399	7,158	5,974
Hydraulic Power	5,787	4,659	5,526	5,084	4,585	4,973	4,219	4,138	3,461	2,825	4,677
Thermal Power	1,231	2,068	1,755	1,939	2,382	2,367	2,979	3,656	3,289	3,830	1,297
Generation by Power Companies	6,151	6,051	6,457	6,224	6,273	6,537	▲6,573	7,127	..	..	5,305
Hydraulic Power	4,940	4,051	4,767	4,353	3,968	4,253	▲3,635	▲3,574	..	..	4,028
Thermal Power	1,211	2,000	1,690	1,871	2,304	2,284	▲2,902	▲3,552	..	..	1,277
Power from other Sources	885	685	825	791	695	790	▲957	▲657	649	504	685
National Railways & Household Use	1,037	1,015	1,038	969	1,013	1,050	1,041	..	..	..	924
Hydraulic Power	568	508	549	478	495	492	459	..	..	..	458
Thermal Power	469	507	489	491	517	558	582	..	..	..	466

24. Coal Supply & Demand (1,000 metric tons) (MITI)

Year & Month	Production	Stock Deliveries: Coal Dealers	Large User Factories	Adjustment	Deliveries: Total	Deliveries	of which Exports	Others	Home Consumption	Month-end Stocks: Total	Coal Dealers	Large User Factories
1959: October	4,160	317	⊥ 124	⊥ 29	4,448	4,465	5	⊥ 17	4,320	11,651	5,232	6,419
November	3,818	777	99	2	4,593	4,629	0	⊥ 36	4,692	10,775	4,455	6,320
December	4,143	764	414	⊥ 8	4,899	4,938	3	⊥ 39	5,310	9,597	3,691	5,906
1960: January	3,916	415	620	6	4,337	4,472	1	⊥ 135	4,956	8,562	3,276	5,286
February	4,032	719	455	⊥ 2	4,749	4,809	4	⊥ 60	5,200	7,388	2,557	4,831
March	4,345	354	227	9	4,708	4,986	4	⊥ 289	4,931	6,807	2,203	4,604
1959: March	3,313	79	394	15	3,407	3,605	7	⊥ 198	3,794	11,003	4,514	6,489

25. Supply & Demand of Pig-iron and Steel Materials (In tons) (MITI)

Year & Month	Pig iron: Production	Deliveries	In Stock	Steel Materials: Steel: Production	Deliveries	In Stock	Special Steel: Production	Deliveries	In Stock
1959: August	792,972	140,123	338,412	1,069,805	765,281	340,810	73,143	56,518	32,731
September	804,500	131,150	330,230	1,105,769	792,310	369,954	73,227	54,850	35,310
October	887,414	123,085	345,114	1,195,339	863 392	399,282	74 291	59,318	34,072
November	900,959	146,102	344,544	1,184.338	873,672	407,495	81,722	64,554	33,750
December	898,399	147,249	392,975	1,177,603	887,516	379,495	86,889	69,920	32,965
1960: January	899,917	135,332	362,844	1,170,660	801,927	424,722	87,792	69,819	32,723
1959: January	694,801	117,886	398,416	831,217	589,894	372,172	50,521	40,919	33,136

Notes: 80 machinery companies together with 18 iron frame, bearing & electric wire companies are surveyed for Table 22. Table 24 does not include import coal. Others in "Demand" column is the balance of sales volume by un-authorized sales agents plus dust coal output. "At Collieries" column includes the coal stocks on the seaboard mines. ▲ Revised at source.
Table In 22, the number of companies surveyed was increased from 80 to 127 retroactively to 1957.

26. Supply & Demand of Textile Goods (In tons for years; 1,000 sq. m. for textile) (MITI)

Year & Month	Cotton Yarn			Rayon Yarn			Staple Fiber Yarn			Cotton Textiles		
	Production	Delivery	Inventory	Production	Delivery	Inventory	Production	Delivery	Inventory	Production	Delivery	Inventory
1959: Sept.	43,748	27,567	22,531	10,139	7,107	12,462	19,271	15,842	9,554	244,172	243,625	428,665
Oct.	40,531	25,911	22,875	10,286	6,474	13,114	17,992	15,004	9,765	222,042	230,471	402,370
Nov.	44,173	23,362	23,480	10,261	6,664	14,079	17,873	14,523	10,047	244,638	245,166	404,691
Dec.	43,970	28,267	25,094	10,521	7,286	13,019	18,464	15,330	10,365	253,212	▲253,695	▲405,413
1960: Jan.	40,682	26,248	26,286	▲11,066	6,674	13,475	16,814	13,968	10,256	238,406	235,496	416,939
Feb.	45,967	30,077	27,833	10,858	6,630	13,616	17,922	14,665	10,978	262,614	263,390	432,390
1959: Feb.	37,347	24,803	20,798	8,471	5,765	10,707	15,559	13,047	12,810	228,990	234,907	473,990

27. Supply & Demand of Paper and Pulp (MITI)

Year & Month	Pulp (long ton)				Paper, Western Style (in ton)				Cardboard & Japanese Style Paper (in ton)			
	Production	For Paper	Deliveries	In Stock	Production	Deliveries	Self-Consumption	In Stock	Production	Deliveries	Self-Consumption	In Stock
1959: Aug.	253,873	145,221	108,332	65,291	184,409	172,904	6,075	68,412	324,024	302,851	13,660	98,625
Sept.	259,126	147,084	106,088	71,245	184,365	176,667	6,443	72,667	328,032	310,490	13,995	102,172
Oct.	271,186	158,874	111,593	71,964	193,815	180,035	6,729	79,718	345,776	322,540	15,920	109,488
Nov.	272,931	158,957	116,571	69,367	189,693	180,574	6,813	82,024	345,077	325,288	15,159	114,123
Dec.	282,101	164,457	115,214	71,779	196,352	186,527	7,019	84,830	356,894	339,113	15,893	116,011
1960: Jan.	263,113	154,352	108,489	72,051	181,500	171 521	6,476	88,330	▲332,399	▲308,118	14,041	▲126,251
Feb.	271,575	158,334	113,914	71,378	189,283	176,339	6,859	94,418	345,829	316,187	15,038	140,855
Mar.	295,556	174,681	121,929	70,324	208,601	198,406	7,172	97,441	377,799	349,217	16,051	153,385
1959: Mar.	244,584	143,295	100,734	67,060	179,515	176,858	6,422	50,932	309,403	300,258	13,928	72,694

28. Supply & Demand of Soda and Ammonium Sulphate (In metric tons) (MITI)

Year & Month	Ammonium Sulphate			Soda Ash			Caustic Soda		
	Production	Deliveries	In Stock	Production	Deliveries	In Stock	Production	Deliveries	In Stock
1959: July	235,767	176,484	312,187	36,467	33,572	9,153	62,817	50,154	20,323
Aug.	219,389	182,220	340,301	38,478	37,422	8,626	63,893	50,442	22,247
Sept.	200,869	194,074	340,199	38,158	35,589	9,629	62,965	53,576	20,973
Oct.	193,135	200,960	343,574	40,555	38,707	9,907	68,239	56,520	22,167
Nov.	195,225	163,285	366,452	39,430	39,094	8,750	69,639	57,319	23,445
Dec.	195,632	181,016	370,263	40,868	40,138	7,885	69,782	60,070	22,203
1960: Jan.	214,277	204,339	370,856	42,655	39,165	9,522	68,865	55,800	24,494
Feb.	191,477	260,348	292,212	40,916	39,884	8,847	65,168	57,741	21,948
Mar.	209,603	324,539	164,798	42,714	40,260	9,429	72,373	61,102	21,065
1959: Mar.	237,727	315,419	208,458	35,011	35,570	9,254	56,536	45,961	21,415

29. Supply & Demand of Cement & Sheet Glass (MITI)

Year & Month	Cement (In 1,000 tons)				Sheet Glass (In 1,000 boxes)					
	Production	Consumption	Sales	Inventories at Month-end	Production	Consumption	Sales		Total	Inventories
							Exports	Domestic		
1959: Aug.	1,419.1	7.4	1,432.9	349.1	938.4	94.0	164.5	606.3	770.8	800.1
Sept.	1,511.8	9.1	1,539.8	312.4	860.5	100.6	143.2	663.5	806.6	764.8
Oct.	1,658.9	9.2	1,641.9	319.6	973.8	113.3	129.4	815.9	945.3	697.5
Nov.	1,650.2	7.3	1,656.9	305.6	994.9	107.4	150.7	837.7	988.4	609.8
Dec.	1,710.1	7.2	1,717.0	291.4	1,089.4	131.3	151.0	853.0	1,003.9	577.6
1960: Jan.	1,422.7	4.1	1,381.5	328.2	1,095.1	118.7	156.7	611.2	767.9	786.8
Feb.	1,623.9	6.1	1,629.9	315.6	1,015.2	116.3	165.7	572.1	737.8	961.1
1959: Feb.	1,181.1	7.0	1,148.3	346.8	761.4	88.8	164.2	483.9	646.0	798.8

30. Supply & Demand of Rubber & Vinyl Chloride Products (In tons) (MITI)

Year & Month	Rubber Goods					Vinyl Chloride Products				
	Production (A)	Sales (B)	Inventories at Month-end (C)	Delivery Rates (B/A)	Inventory Rates (C/A)	Production (A)	Sales (B)	Inventories Rates (C)	Derivery Rates (B/A)	Inventory Rates (C/A)
1959: Aug.	14,748	14,812	6,420	101	44	12,007	11,412	7,026	95	58
Sept.	15,788	5,811	6,340	100	40	12,978	12,907	7,089	99	55
Oct.	16,479	16,288	6,511	99	40	13,640	13,515	7,160	99	52
Nov.	15,963	16,018	6,429	100	40	13,556	13,749	6,892	101	51
Dec.	17,003	17,640	5,913	104	35	14,891	14,865	6,956	100	47
1960: Jan.	15,501	15,261	6,163	99	40	13,762	13,516	6,847	98	50
Feb.	17,213	16,548	6,940	96	40	15,190	14,961	7,109	99	47
1959: Feb.	12,026	11,904	6,110	99	51	10,467	10,762	5,824	103	56

31. Department Store Sales (In million yen) (MITI)

By Month	No. of Stores	Total	Clothing	Personal Effects	Sundry	Household Utensils	Provisions	Restaurant	Services	Outside Store Sales	Others	Gift Certificates
1959: Sept.	211	23,231	10,385	1,760	2,791	3,230	3,619	905	202	10	330	206
Oct.	213	32,579	16,532	2,508	3,146	4,333	4,520	990	272	17	441	282
Nov.	219	33,786	17,990	2,359	3,060	4,280	4,345	1,039	269	22	414	293
Dec.	222	76,816	38,001	4,987	6,965	8,328	16,093	1,285	326	33	797	2,063
1960: Jan.	223	26,152	12,153	1,838	3,287	2,956	4,375	1,003	212	15	312	281
Feb.	223	26,005	12,057	1,746	3,363	3,179	4,173	937	211	17	323	329
Mar.	224	35,566	17,061	2,857	4,391	4,263	5,046	1,226	275	16	433	538
1959: Mar.	206	30,668	14,628	2,500	3,849	3,521	4,445	1,090	258	10	367	463

Notes: ▲ Revised at source.
Rates of conversion: 1,000 lb.=0.45359 tons for yarns; 1,000 sq. yds.=0.83613 sq. m. for textiles; 1 lb.=0.45359 kg. for papers.

32. Letters of Credit Opened and Received

(In $1,000) (Ministry of Finance)

Year & Month	Exports				Imports			
	Dollars	Pounds Sterling	Open Account	Total	Dollars	Pounds Sterling	Open Account	Total
1959: June	150,499	90,696	5,585	246,782	91,359	109,160	4,796	205,316
July	154,970	106,133	5,017	266,121	116,254	99,593	4,221	220,069
August	142,487	105,928	11,826	260,242	97,778	91,436	1,209	190,424
September	151,275	109,045	8,589	268,910	100,814	89,507	2,245	192,567
October	158,621	100,455	4,452	263,530	116,312	98,395	7,792	222,500
November	147,726	103,997	4,569	256,293	117,574	103,803	7,505	228,882
December	177,043	108,600	8,611	294,255	159,748	124,847	9,456	294,053
1960: January	150,805	97,423	6,473	254,702	110,077	95,613	7,625	213,315
February	142,243	112,841	4,398	259,483	133,633	99,499	2,696	235,830
March	186,944	136,418	7,603	330,965	135,957	113,771	14,259	263,989
April	142,371	102,406	7,534	252,312	113,837	95,482	10,934	220,254
1959: April	131,936	85,800	5,025	222,762	87,087	102,484	14,981	204,553

33. Exports and Imports by Value

(Ministry of Finance)

Year & Month	Value (In $1,000)			Value (In million yen)		
	Exports	Imports	Balance	Exports	Imports	Balance
1959: August	301,479	290,290	11,189	108,533	104,505	4,028
September	282,660	298,844	▽ 16,183	101,758	107,584	▽ 5,825
October	345,447	297,582	47,865	124,361	107,130	17,231
November	292,475	289,728	2,747	105,291	104,302	989
December	▲394,276	372,826	21,449	141,939	134,217	7,722
1960: January	▲217,731	▲330,768	▲ ▽ 113,037	▲ 78,383	▲119,076	▲ ▽ 40,693
February	▲318,072	▲363,900	▲ ▽ 45,828	▲114,506	▲131,004	▲ ▽ 16,498
March	▲349,906	▲435,194	▽ 85,288	▲125,966	▲156,700	▲ ▽ 30,704
April	310,781	355,006	▽ 44,225	111,881	127,802	▽ 15,921
1959: April	261,054	299,041	▽ 37,987	93,979	107,655	▽ 13,675

34. Value of Export and Import by Economic Classification

(In $1,000) (Ministry of Finance)

		Total		Foodstuffs		Crude Materials		Fabricated Basic Material		Finished		Others	
		Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Export	1959: November	292,475	100.0	21,484	7.3	12,063	4.1	52,353	17.9	205,186	70.2	1,389	0.5
	December	394,276	100.0	27,797	7.0	11,500	2.9	57,003	14.5	297,098	75.4	878	0.2
	1960: January	217,731	100.0	16,025	7.3	6,020	2.8	40,297	18.5	154,783	71.1	606	0.3
	February	318,072	100.0	19,325	6.1	8,305	2.6	56,729	17.8	232,525	73.1	1,188	0.4
	March	349,906	100.0	19,391	5.5	10,378	3.0	84,742	24.2	233,704	66.8	1,691	0.5
	1959: March	279,006	100.0	19,846	7.1	7,052	2.6	12,253	22.3	188,386	67.5	1,469	0.5
Import	1959: November	289,728	100.0	35,561	12.3	181,189	62.5	34,963	12.1	37,627	13.0	388	0.1
	December	372,826	100.0	45,488	12.2	236,438	63.4	38,439	10.3	51,574	13.8	887	0.3
	1960: January	330,768	100.0	45,896	13.9	209,342	63.3	34,808	10.5	40,369	12.2	353	0.1
	February	363,900	100.0	45,422	12.5	219,775	60.4	45,868	12.6	52,325	14.4	510	0.1
	March	435,194	100.0	63,113	14.5	255,443	58.7	48,494	11.1	67,481	15.5	660	0.2
	1959: March	295,476	100.0	48,761	16.5	159,713	54.0	27,716	9.4	58,772	19.9	514	0.2

35. Exports and Imports by Continents*

($1,000; Customs Bureau, Finance Ministry)

	Year & Month	'58, Total	'59, Total	'59 Oct.	Nov.	Dec.	'60 Jan.	Feb.	Mar.	'59 Mar.
Exports	Total	2,876,560	3,456,492	345,447	292,475	394,276	217,731	318,072	349,906	279,006
	Asia	1,074,322	1,165,705	112,481	97,576	132,511	69,252	111,518	115,766	102,878
	S.E. Asia	649,520	754,256	77,278	68,852	89,297	48,054	78,146	74,274	65,019
	Europe	333,301	374,970	46,108	31,203	39,626	28,323	32,786	64,623	38,747
	N. America	848,456	1,246,253	115,773	106,834	134,553	81,578	116,958	115,073	89,828
	S. America	114,982	141,675	11,782	21,469	20,313	14,744	11,800	10,345	7,827
	Africa	415,511	409,891	47,536	24,592	52,216	17,287	33,262	31,387	31,061
	Oceania	89,771	117,897	11,764	10,799	14,963	6,505	11,509	12,594	8,665
Imports	Total	3,033,125	3,599,491	290,291	298,844	297,582	289,728	363,900	435,194	295,476
	Asia	982,448	1,168,853	93,460	88,545	102,408	100,323	111,944	137,680	93,965
	S.E. Asia	427,073	579,164	50,601	47,978	50,525	48,534	61,044	64,740	41,664
	Europe	268,654	364,599	28,087	30,532	27,822	27,498	36,112	41,312	30,196
	N. America	1,356,682	1,488,878	119,040	125,821	112,204	107,203	160,126	191,761	130,574
	S. America	80,687	108,380	10,534	12,405	14,678	10,360	8,537	9,445	6,289
	Africa	83,737	128,295	12,106	11,122	10,916	12,487	19,370	17,825	9,857
	Oceania	206,801	340,266	27,058	30,410	29,541	31,838	27,798	37,159	24,693

36. Foreign Exchange Receipts and Payments by Month

(In 1,000 dollars) (Bank of Japan)

Year & Month	Receipts			Payments			Balance
	Exports	Invisible	Total	Imports	Invisible	Total	
1959: Total	3,164,296	881,494	4,045,790	2,855,046	709,698	3,564,744	481,046
1959: August	270,520	72,254	342,775	245,768	115,252	361,020	▽ 18,245
September	285,037	74,763	359,800	250,836	57,878	308,714	51,085
October	298,737	72,995	371,732	258,491	47,978	306,469	65,262
November	279,772	65,653	345,425	267,548	50,320	317,868	27,556
December	310,189	86,244	396,434	283,502	86,991	370,493	25,940
1960: January	250,309	66,164	316,474	256,539	52,659	309,199	7,274
February	▲273,190	76,382	349,572	▲272,955	62,071	335,027	▲14,545
March	320,294	78,515	398,809	297,378	58,512	355,891	42,918
1959: March	265,620	67,360	332,980	222,357	52,299	274,656	58,324

Notes: * includes optional cargoes in exports and imports from such special sources as pelagic fisheries. Japanese territorial waters, foreign territorial waters, and high seas in Imports. Figures in Tables 33, 34, 35 ware subjected to annual readjustments. Hence the wholesale changes in these charts.

37. Exports and Imports by Country

(In 1,000 dollars) (Ministry of Finance)

Settlement Area	Countries	Exports					Imports				
		Oct. 1959	Nov. 1959	Dec. 1959	Jan. 1960	Feb. 1960	Oct. 1959	Nov. 1959	Dec. 1959	Jan. 1960	Feb. 1960
	Total Exports or Imports . .	345,447	292,475	394,276	217,731	318,072	297,582	289,728	372,826	330,768	363,900
0	Korea	6,123	3,376	5,245	3,266	6,775	511	327	1,009	518	400
£▲	China	232	240	417	191	384	1,704	1,700	1,936	2,032	1,836
$	Rukyu Islands	7,439	7,503	8,479	4,802	5,794	1,517	1,006	1,531	1,674	2,230
£	Hong Kong	14,213	12,838	16,370	8,796	12,952	2,639	2,361	2,240	2,776	2,099
0	Formosa	7,631	6,049	8,794	6,630	6,807	1,485	5,497	6,372	5,610	5,692
$	South Viet Nam	3,926	3,940	5,224	3,293	3,089	29	148	315	580	444
£▲	Thailand	10,282	9,612	12,251	6,386	9,383	2,187	3,502	5,914	6,255	6,582
£	Malaya Union	1,862	2,014	2,935	1,653	2,489	15,245	14,728	16,948	14,159	15,943
£	Singapore	6,171	6,718	10,066	5,707	7,261	1,063	782	692	508	602
$▲	Philippines	15,372	9,367	11,085	6,039	7,574	11,113	11,576	13,670	11,528	14,589
£	British Borneo	156	128	183	101	124	5,781	4,905	7,085	8,750	4,914
£▲	Indonesia	3,771	4,494	6,887	6,436	16,802	6,054	4,504	6,551	6,903	5,930
£	Burma	6,414	5,904	6,611	2,250	4,271	917	629	628	631	651
£	India	9,812	6,000	7,060	4,048	4,934	8,007	7,426	8,501	8,227	8,769
£	Pakistan	2,648	3,476	5,495	1,635	5,950	2,177	1,530	1,898	3,323	3,278
£	Ceylon	2,052	3,193	3,926	1,610	2,308	682	630	811	878	1,283
$	Iran	4,931	2,609	4,323	2,411	1,884	1,613	907	2,550	1,553	1,294
£	Iraq	1,136	766	820	128	900	6,324	6,837	5,655	6,408	4,647
$	Saudi Arabia	826	766	1,646	611	1,421	11,166	10,604	9,492	11,354	7,268
0	Kwait	1,275	1,376	1,915	613	1,645	14,428	13,822	14,895	13,158	17,001
£▲	Sweden	2,031	1,609	2,929	1,163	1,765	613	696	755	497	768
	Denmark	913	833	1,337	4,103	748	450	244	332	514	658
£	United Kingdom	16,034	6,898	10,692	5,701	7,377	5,734	7,698	9,319	7,310	8,307
£▲	Netherlands	2,178	2,904	4,320	1,660	1,898	3,099	2,023	2,280	2,577	2,880
$	Belgium	1,729	1,834	2,260	843	1,540	746	1,245	1,691	1,142	1,319
£▲	France	1,370	1,068	2,345	997	1,163	1,744	2,355	2,752	2,459	2,419
£▲	West Germany	5,229	5,300	5,677	2,976	3,888	8,921	6,874	10,136	8,883	9,634
	Switzerland	3,703	2,506	2,751	1,516	2,036	2,046	1,741	3,019	2,516	2,630
£▲	Italy	2,026	1,432	1,900	674	1,755	529	1,008	790	547	660
	U.S.S.R. (in Asia zone) . .	1,628	2,878	5,888	475	1,558	4,145	4,383	3,778	2,618	4,107
$	Canada	9,530	9,879	10,651	7,417	9,473	9,774	11,979	18,808	15,912	18,222
$	U.S.A.	99,413	88,789	116,154	70,166	91,858	82,334	78,692	111,941	107,952	132,489
$	Mexico	1,366	1,991	1,521	796	1,030	14,604	12,554	15,946	9,046	7,725
	Panama	1,329	1,092	1,205	612	9,556	1,040	17	919	18	1,012
$	Cuba	840	797	1,094	239	407	2,882	2,869	5,124	1,375	5
	Venezuela	3,417	9,948	3,289	1,586	3,286	54	▲75	479	259	317
$	Peru	619	854	897	237	1,141	1,096	1,734	2,852	3,055	2,397
$	Chile	677	1,501	1,050	316	866	2,052	679	594	611	232
0	Brazil	2,291	3,046	10,785	9,904	1,298	7,535	3,329	5,805	1,301	1,720
£▲	Argentina	2,814	3,590	1,891	1,419	2,569	2,943	4,047	3,218	1,851	3,093
0	Egypt	865	1,806	1,866	937	756	853	1,642	1,838	1,304	1,963
£	British West Africa	6,714	5,354	6,526	3,202	4,489	480	773	746	623	445
$	Liberia	28,483	6,713	27,362	6,762	15,510	238	7	261	28	580
	Ghana	2,334	1,904	2,011	1,173	1,969	221	519	235	244	454
	British South Africa	3,017	3,327	5,430	1,543	3,889	1,707	1,650	1,468	1,626	3,166
£	Union of South Africa . . .	3,709	3,343	5,414	2,378	4,263	3,474	4,106	3,243	3,732	5,655
£	Australia	7,815	6,284	10,586	3,688	7,243	24,117	27,492	32,312	29,670	22,603
£	New Zealand	1,521	1,800	1,415	813	711	2,360	2,118	1,936	2,950	2,392

Note: 0 denotes open account area; $. dollar area; £. sterling area. £▲ stands for Specified Area A and B.
*Southeast Asia Total includes Hong Kong, South Vietnam, Cambodia, Laos, Thailand, Malaya, Singapore, the Philipdines, Indonesia, Burma India, Pakistan, and Ceylon. ▲ Revised at source.

38. Exports by Major Articles

(In $1,000) (Ministry of Finance)

Articles	Unit	1959 December		1960 January		1960 February		1960 Jan.—Feb.		1959 Jan.—Feb.	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Total Exports	—	—	141,939	—	217,731	—	318,072	—	535,803	—	449,890
Food	—	—	10,047	—	16,370	—	19,435	—	35,805	—	36,241
Fish & Shellfish	m.t.	34,262	7,884	18,048	8,154	26,649	13,218	44,697	21,372	46,144	24,791
Fresh Fish	,,	14,199	1,526	9,959	3,161	15,623	4,804	25,582	7,965	23,134	6,886
Tuna	,,	10,818	1,157	8,502	2,422	13,103	3,853	21,605	6,275	20,612	5,514
Canned, Bottled Fish	,,	17,994	5,897	9,508	4,168	9,561	7,570	16,069	11,738	20,785	15,844
Salmon	,,	10,620	4,057	2,007	2,000	2,788	3,716	4,795	5,716	10,201	8,537
Tuna	,,	1,162	360	536	422	1,259	809	1,795	1,231	2,133	1,951
Fruit & Vegetables	,,	12,422	965	19,815	5,847	9,537	3,160	29,352	9,007	26,433	6,705
Canned, Bottled Fruits	,,	3,390	434	12,399	4,541	5,434	1,977	17,833	6,517	14,499	5,129
Tea	,,	761	112	546	246	521	271	1,067	516	939	496
Beverage & Tobacco	—	—	194	—	151	—	355	—	505	—	830
Raw Materials, except Fuels	—	—	4,178	—	6,013	—	9,590	—	15,603	—	10,456
Lumber	cu.m.	42,176	959	27,262	1,699	26,173	1,633	53,435	3,332	41,340	2,949
Textile Fibre & Waste	m.t.	5,657	2,681	3,224	3,256	4,961	6,114	8,185	9,371	5,523	5,159
Raw Silk	,,	551	1,838	217	2,009	380	3,625	597	5,634	408	3,059
Mineral Fuels	—	—	999	—	1,571	—	1,278	—	2,850	—	1,222
Animal & Vegetable Oils	—	—	778	—	664	—	625	—	1,290	—	1,986
Animal Oil	m.t.	6,897	610	224	343	298	343	522	686	673	741
Whale Oil	,,	6,479	402	3	17	—	—	3	17	8	3
Vegetable Oil	,,	1,512	165	1,040	319	985	279	2,025	598	4,855	1,231
Chemicals, Drugs	—	—	5,446	—	10,145	—	13,527	—	23,672	—	29,365
Pharmaceuticals	—	—	564	—	1,059	—	1,219	—	2,277	—	2,284
Chemical Fertilizers	m.t.	91,506	2,089	77,343	4,515	123,048	5,555	200,391	10,070	335,701	18,020
Manufactured Products by Materials	—	—	63,848	—	94,897	—	147,982	—	242,879	—	194,609
Rubber Goods	—	—	1,212	—	1,332	—	2,710	—	4,042	—	3,203
Wood & Cork Products	—	—	3,854	—	6,687	—	8,340	—	15,027	—	13,500
Plywood	1,000 s.m.	10,558	3,060	6,718	5,439	8,175	6,624	14,893	12,063	15,471	10,201
Paper & Related Products	m.t.	15,463	1,630	10,564	3,050	13,272	3,890	23,836	6,940	15,762	4,432
Textile Yarns & Fabrics	—	—	34,404	—	44,937	—	80,496	—	125,433	—	97,382
Woollen Yarn	m.t.	371	501	164	650	251	984	415	1,634	494	2,096
Cotton Yarn	,,	1,125	604	328	502	3,372	4,349	3,700	4,851	1,730	2,668
Rayon Yarn	,,	1,488	541	1,107	1,110	1,559	1,583	2,666	2,693	1,892	1,875
Spun Rayon Yarn	,,	2,759	891	995	886	850	783	1,845	1,669	2,153	1,859
Cotton Fabrics	1,000 s.m.	125,930	13,050	59,451	16,473	104,514	29,252	163,965	45,725	149,752	38,234
Silk Fabrics	,,	12,900	2,627	2,367	4,138	9,217	5,388	14,290	8,169	9,867	5,334
Woollen Fabrics	,,	4,000	2,464	15,984	3,626	4,391	7,645	6,758	11,783	3,254	5,555
Rayon Fabrics	,,	26,889	2,286	25,479	5,502	28,683	6,543	44,667	10,169	34,473	6,987
Spun Rayon Fabrics	,,	62,238	4,747			46,131	10,146	71,610	15,648	85,080	15,100
Non-Metallic Mineral Products	—	—	4,672	—	7,766	—	10,911	—	18,676	—	14,809
Cement	m.t.	100,977	547	90,514	1,339	118,511	1,854	209,025	3,193	169,015	2,666
Glass & Glass Products	—	—	824	—	1,267	—	1,799	—	3,066	—	2,931
Chinaware	—	—	2,315	—	3,624	—	5,122	—	8,746	—	6,681
Pearls	kg.	3,886	833	3,419	1,820	4,349	2,723	7,768	4,542	7,288	3,399
Base Metals	—	—	11,331	—	20,296	—	25,300	—	45,596	—	41,707
Iron & Steel	m.t.	169,623	10,379	112,202	18,914	138,301	24,086	250,503	43,000	284,025	38,038
Steel Plates (ungalvanized)	,,	37,034	2,112	36,470	5,566	31,972	5,192	68,442	10,758	86,498	10,458
Galvanized Steel Plates	,,	28,715	2,028	18,390	3,591	26,261	5,358	44,651	8,949	38,429	6,978
Non-ferrous Metals	,,	2,375	952	1,515	1,383	1,786	1,214	3,301	2,597	5,522	3,669
Metal Products	—	—	5,128	—	7,912	—	12,011	—	19,923	—	13,982
Machinery & Transportation Equipment	—	—	33,319	—	53,345	—	75,184	—	128,528	—	113,631
Machinery (excl. electric machines)	—	—	7,709	—	10,220	—	19,042	—	29,262	—	17,208
Textile Machines & Parts	—	—	2,018	—	2,371	—	4,809	—	7,180	—	3,479
Sewing Machines	—	207,656	1,933	115,512	2,921	172,686	4,558	288,198	7,479	256,966	6,786
Electric Machine	unit	—	7,824	—	11,798	—	17,572	—	29,369	—	17,726
Gen. Motors, Trans. & Alternators	—	—	594	—	1,150	—	1,753	—	2,903	—	2,081
Electrilc Bulbs	1,000 pcs.	30,502	328	18,459	540	30,913	861	49,372	1,401	45,718	1,126
Transportation Equipment	—	—	17,786	—	31,327	—	38,570	—	69,897	—	78,697
Railway Rolling Stock & Parts	—	—	434	—	590	—	336	—	925	—	2,616
Buses, Trucks	unit	1,668	1,396	824	1,994	1,141	2,564	1,965	4,558	791	1,594
Ships	G.T.	117,979	14,399	83,424	26,465	98,194	31,319	181,618	57,784	252,199	71,077
Miscellaneous	—	—	22,826	—	34,015	—	48,964	—	82,979	—	60,183
Clothing	—	—	7,897	—	12,265	—	16,299	—	28,564	—	22,905
Camera	unit	89,180	785	47,167	1,207	69,675	1,616	116,842	2,823	77,038	1,869
Toys	—	—	2,928	—	4,124	—	6,300	—	10,423	—	7,991
Live Animals not for Food	—	—	26	—	51	—	70	—	121	—	121
Re-export Goods	—	—	277	—	509	—	1,062	—	1,571	—	1,246

Note: Figures of group total include others than represented. Unit is million yen for December, 1959.

39. Imports by Major Articles

($ 1,000) (Ministry of Finance)

Articles	Units	1959		1960						1959	
		December		January		February		Jan.—Feb.		Jan.—Feb.	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Total Imports	—	—	134,217	—	330,768	—	363,900	—	694,668	—	49,739
Food	—	—	17,060	—	32,738	—	31,796	—	64,534	—	71,990
Cereals & Cereal Preparations	m.t.	414,941	10,652	—	17,792	249,098	16,075	520,313	33,867	598,492	39,436
Wheat	,,	260 131	6,282	176,686	11,828	133,784	9,046	310,470	20,874	326,613	21,917
Rice	,,	30 004	1,632	2,480	373	10	1	2,490	374	8,386	1,265
Barley	,,	—	—	—	—	—	—	—	—	93,028	5,585
Maize (Corn)	,,	116,358	2,416	86,087	5,018	108,799	6,391	194,886	11,410	156,210	8,994
Fruit & Vegetables	,,	14,710	1,008	11,162	1,875	13,624	1,934	24,786	3,809	17,940	3,197
Sugar & Sugar Preparations	,,	122,257	3,324	113,893	8,344	111,404	8,531	225,297	16,875	238,056	20,881
Coffee	,,	1,163	396	890	791	927	818	1,817	1,609	1,458	1,495
Beverage & Tobacco	—	—	119	—	3,211	—	5,056	—	8,267	—	5,913
Tobacco	—	—	0	—	3,076	—	4,928	—	8,004	—	5,616
Raw Materials, except Fuels	—	—	69,849	—	176,488	—	192,433	—	368,921	—	216,849
Hides & Skins	m t.	—	968	—	1,901	—	2,409	—	4,318	—	4,766
Oil Seeds	,,	171,846	7,311	175,248	19,228	170,709	19,533	345,957	38,761	262,508	28,073
Soy-beans	,,	112,901	4,023,135	123,932	11,473	116,936	11,292	240,868	22,765	171,982	16,192
Rubber	,,	23,080	6,218	21,140	16,644	23,788	18,206	44,928	34,849	30,073	17,477
Crude Rubber	,,	14,932	4,342	14,281	12,305	15,167	13,052	29,448	25,357	21,931	13,105
Lumber & Cork	—	—	6,055	—	10,542	—	14,092	—	24,634	—	15,225
Lumber	c.m.	617,198	5,992	377,666	10,353	479,951	13,943	857,617	24,296	665,322	14,849
Pulp & Waste Papers	—	—	634	—	1,716	—	3,416	—	5,133	—	2,152
Textile Fibres & Waste	m.t.	109,254	26,978	96,155	66,693	110,487	70,415	206,642	137,108	143,813	92,534
Wool	,,	19,144	9,913	18,218	26,486	14,676	21,258	32,894	47,744	28,469	33,242
Cotton	,,	77,039	14,912	63,711	33,582	77,972	41 950	141,683	75,532	91,670	50,358
Cotton, Ginned	,,	71,079	14,374	58,584	32,641	72,230	40,801	130,814	73,442	82,150	48,044
Hard & Bast Fibres	,,	11,122	1,100	12,384	3,463	16,076	4,388	28,460	7,851	20,302	4'532
Fertilizers & Non-metallic Minerals	—	—	2,664	—	9,474	—	7,327	—	16,801	—	11,450
Crude Fertilizers	m.t.	129,781	742	157,015	2,583	161,153	2,671	318,168	5,254	241,568	4,076
Salt	,,	204,539	632	159,581	1,354	171,601	1,483	331,182	2,837	279,758	2,267
Metal Ores & Metal Scrap	,,	1,713,770	18,484	1,484,768	48,493	1,660,111	55,279	3,144,879	103,772	1,586,859	42,000
Iron Ore	,,	1,013,062	5,275	910,342	13,184	1,001,807	14,464	1,912,149	27,648	1,034,038	14,169
Scrap Iron	,,	379,304	7,246	366,303	20,555	435,131	24,383	801,434	44,938	290,833	13,575
Non-ferrous Metal Ores	,,	312,983	4,436	199,313	10,056	213,664	11,534	412,977	21,590	253,066	10,061
Copper Ore	,,	22,903	1,713	32,839	5,260	42,431	6,575	75,270	11,835	33,531	3,969
Nickel Ore	,,	126,890	805	47,518	856	57,231	1,148	104,749	2,004	45,393	905
Aluminium Ore	,,	77,319	282	62,291	653	60,732	895	123,023	1,547	88,776	919
Manganese Ore	,,	17,210	194	15,909	418	20,624	694	36,533	1,112	41,696	1,462
Non-ferrous Metal Scrap	,,	8,421	1,525	8,810	4,692	9,509	4,893	18,319	9,585	8,922	4,192
Copper Scrap	,,	397	106	1,377	1,013	565	405	1,942	1,418	261	179
Brass Scrap	,,	6,104	1,135	5,679	2,988	6,683	3,565	12,362	6,553	7,191	3,526
Mineral Fuels	—	—	18,695	—	53,665	—	50,598	—	104,263	—	78,373
Coal	m.t.	392,165	2,453	506,301	8,884	506,798	8,991	1,013,049	17,875	615,558	11,609
Anthracite	,,	53,912	300	80,037	1,387	68,518	1,232	148,555	2,619	93,234	1,483
Bituminous (for coking)	,,	32,079	207	27,103	442	38,753	559	65,856	1,001	79,374	1,399
Petroleum	k.l.	2,661,840	15,967	2,606,047	44,290	2,450,102	40,248	5,056,149	84,538	3,348,151	65,557
Crude & Unrefined	,,	2,376,153	13,805	2,321,947	37,598	2,196,400	34,533	4,518,347	72,131	2,905,604	56,242
Heavy Oil	,,	258,311	1,718	248,127	4,340	228,313	4,053	476,440	8,393	425,692	7,856
Animal & Vegetable Oils	—	—	1,384	—	2,620	—	2,822	—	5,442	—	5,763
Animal Fats & Oils	m.t.	16,935	905	11,034	1,860	12,458	2,061	23,492	3,920	22,194	4,717
Beef Tallow	,,	16,905	895	11,013	1,843	12,408	2,005	23,421	3,848	22,045	4,633
Vegetable Oils	,,	4,644	442	2,384	677	2,021	668	4,405	1,345	3,544	860
Chemicals, Drugs	—	—	7,913	—	19,323	—	22,066	—	41,389	—	31,668
Inorganic Chemicals	—	—	623	—	1,183	—	1,397	—	2,580	—	1,820
Organic Chemicals	—	—	1,310	—	2,812	—	5,645	—	8,458	—	5,417
Potassic Fertilizers	m.t.	—	909	—	2.277	—	3,257	—	5,534	—	5,304
Synthetic Plastic Materials	,,	4,884	1,482	3,693	3,289	3,563	3,019	7,256	6,308	7,553	6,133
Manufactured Products by Materials	—	—	6,728	—	15,605	—	21,835	—	37,439	—	16,826
Textile Yarns & Fabrics	—	—	452	—	1,634	—	1,393	—	3,027	—	2,946
Base Metals	m.t.	113,557	5,083	74,424	10,394	112,869	16,431	187,293	26,825	30,716	8,487
Iron & Steel	,,	104,575	2,613	68,851	5,045	99,191	6,995	168,042	12,041	24,842	2,902
Non-ferrous Metals	,,	8,932	2,469	5,546	5,349	13,678	9,436	19,224	14,784	5,874	5,585
Copper	,,	1,008	260	3,174	2,362	5,660	4,124	8,834	6,486	2,348	1,574
Tin	,,	1,198	960	790	1,748	969	2,107	1,759	3,855	1,376	2,966
Machinery & Transportation Equipment	—	—	10,251	—	23,361	—	32,721	—	56,582	—	59,690
Machinery (excl. electric machines)	—	—	7,772	—	15,252	—	24,511	—	39,762	—	49,199
Electric Machines	—	—	943	—	4,026	—	2,616	—	6,642	—	5,145
Transportation Equipments	—	—	1,535	—	4,083	—	5,594	—	9,678	—	5,346
Passenger Cars, complete	unit	108	79	441	1,652	527	1,038	968	2,690	1,460	1,840
Aircraft & Parts	—	—	568	—	924	—	1,200	—	2,124	—	1,132
Miscellaneous	—	—	1,910	—	554	—	1,194	—	1,749	—	1,686
Live Animals not for Food	—	—	62	—	107	—	56	—	164	—	72
Re-import Goods	—	—	248	—	248	—	486	—	704	—	841

Note: Figures of group total include others items out represented above. Unit is million yen for December 1959

40. Spot Quotations on Tokyo Securities Exchange

Names of Shares	Authorized (Paid-up) Capital In million yen	Dividends	1960 April High	1960 April Low	1960 May 16
Mining		%			
Mitsubishi Metal Mining	4,095	12	80	75	80
Nihon Mining	5,670	12	117	101	110
Sumitomo Metal Mining	3,218	12	80	75	82
Mitsui Metal Mining	4,800	15	80	78	81
Mitsui Mining	3,000	—	52	45	45
Mitsubishi Mining	5,400	—	40	38	40
Sumitomo Coal Mining	2,460	5	47	41	50
Furukawa Mining	3,472	5	57	54	54
Ube Industries	9,456	10	87	70	83
Teikoku Oil	4,000	12	136	115	122
Dowa Mining	3,197	10	132	115	129
Foodstuffs					
Nippon Suisan	3,500	6	82	71	78
Nippon Flour Mills	1,440	15	130	124	128
Nisshin Flour Milling	1,500	16	139	132	138
Dainippon Sugar Mfg.	792	25	415	395	400
Taito	600	30	370	355	375
Japan Beet Sugar Mfg.	1,350	16	184	146	166
Morinaga Confectionery	1,200	30	188	175	179
Meiji Confectionery	1,260	18	217	189	193
Nippon Breweries	2,800	18	390	363	365
Asahi Breweries	2,800	18	415	385	371
Kirin Breweries	4,151	20	530	487	473
Takara Shuzo	5,890	15	158	124	153
Japan Distilling	1,155	6	128	93	120
Honen Oil Mills	1,500	17	245	200	220
Nissin Oil Mills	1,000	20	164	155	155
Noda Soy Sauce	1,200	21	335	307	305
Ajinomoto	2,296	35	667	600	578
Nippon Cold Storage	3,000	14	122	100	123
Textiles					
Toyo Spinning	8,062	16	125	110	121
Kanegafuchi Spinning	4,005	12	89	80	88
Dai Nippon Spinning	6,562	18	105	90	99
Fuji Spinning	3,600	16	80	69	77
Nisshin Cotton Spinning	2,028	26	192	170	184
Kurashiki Spinning	3,200	18	103	90	100
Nitto Spinning	1,700	12	136	75	116
Ohmi Kenshi Spinning	3,000	8	58	48	52
Japan Wool Textile	2,716	20	118	67	120
Daito Woollen Spinning	1,500	15	74	110	73
Teikoku Textile	1,220	8	50	45	55
Teikoku Rayon	5,557	12	120	99	158
Toyo Rayon	12,000	18	334	121	290
Toho Rayon	1,545	8	84	72	88
Mitsubishi Rayon	2,480	12	126	90	131
Kurashiki Rayon	3,000	15	160	140	158
Asahi Chemical	(B) 8,000	18	245	223	252
Paper & Pulp					
Kokoku Pulp	3,120	—	31	26	30
Sanyo Pulp	3,176	10	61	50	57
Nippon Pulp Ind.	1,600	12	70	65	71
Kokusaku Pulp	2,144	5	54	48	53
Tohoku Pulp	2,588	5	58	48	51
Oji Paper	5,000	23	141	132	140
Honshu Paper	2,000	8	130	105	120
Jujo Paper	2,760	26	205	195	202
Mitsubishi Paper Mills	2,300	15	117	86	108
Chemical Indusries					
Toyo Koatsu Ind.	7,787	4	125	86	126
Nitto Chem. Ind.	4,152	5	118	111	148
Showa Denko	9,000	12	207	180	179
Sumitomo Chemical	8,000	12	289	258	259
Shin Nippon Chisso Hiryo	4,500	12	146	118	160
Nissan Chemical Ind.	2,163	—	95	78	89
Nippon Soda	1,696	8	85	68	94
Toyo Soda	1,530	15	104	88	119
Toa Gosei Chemical Ind.	2,917	10	125	100	131
Electro-Chemical Ind.	2,597	5	154	118	145
Shin-etsu Chemical Ind.	2,200	12	193	121	215
Mitsui Chemical Ind.	3,200	12	153	108	156
Kyowa Fermentation	2,460	10	147	110	143
Dainippon Celluloid	2,251	6	149	106	140
Nippon Chemical Ind.	800	15	105	89	120
Sankyo	1,320	18	144	137	155
Fuji Photo Film	2,500	18	248	217	209
Konishiroku Photo Ind.	1,800	—	137	111	140
Tokyo Electric Power	(A) 45,000	10	552	535	515
Tokyo Gas	15,600	12	72	64	70

Names of Shares	Authorized (Paid-up) Capital In million yen	Dividends	1960 April High	1960 April Low	1960 May 16
Coal & Petroleum		%			
Nippon Oil	10,000	12	172	146	181
Showa Oil	3,000	10	144	125	150
Maruzen Oil	11,025	15	120	105	145
Mitsubishi Oil	2,807	10	218	200	245
Toa Nenryo Kogyo	5,990	20	411	370	370
Mitsubishi Chemical Ind.	5,950	12	201	175	194
Rubber, Glass & Ceramics					
Yokohama Rubber	2,000	10	174	142	155
Asahi Glass	8,000	18	269	243	246
Nippon Sheet Glass	2,500	20	338	308	304
Nihon Cement	5,000	15	184	164	181
Iwaki Cement	1,500	36	390	347	398
Onoda Cement	12,000	13	105	91	118
Nippon Toki	800	23	568	525	480
Nippon Gaishi	1,000	20	493	468	446
Metal Industries					
Yawata Iron & Steel	38,000	12	121	107	107
Fuji Iron & Steel	33,000	12	94	85	90
Kawasaki Steel	17,500	6	76	□68	69
Nippon Kokan	23,175	12	72	65	66
Sumitomo Metal Ind.	17,812	6	71	62	65
Kobe Steel	12,000	12	101	85	89
Tokyo Rope	800	15	217	201	—
Japan Light Metal	3,630	10	516	460	435
Toyo Seikan	(A) 1,600	15	988	930	960
Machinery					
Ebara Mfg.	1,200	20	555	467	485
Nippon Seiko	1,600	20	344	315	284
Toyo Bearing	1,300	20	407	375	318
Koyo Seiko	14,000	25	355	315	300
Electric Machinery					
Hitachi Ltd.	30,000	15	297	251	269
Tokyo Shibaura Electric	25,000	15	324	277	268
Mitsubishi Electric	12,800	15	242	202	210
Fuji Electric Mfg.	5,400	15	285	248	250
Furukawa Electric	6,000	12	142	124	135
Nippon Electric	8,000	15	695	606	498
Transportation Equipment					
Mitsubishi Shipbuilding & Engineering	11,200	12	122	98	114
Mitsubishi Nippon Heavy Ind.	9,000	12	106	85	90
Mitsui Shipbuilding & Engineering	4,500	15	98	88	88
Mitsubishi Heavy Ind. Reorg.	12,348	12	270	227	224
Ishikawajima Heavy Ind.	5,200	12	131	103	120
Nissan Motor	6,930	15	372	325	382
Isuzu Motor	7,500	16	247	□170	161
Toyota Motor	10,500	20	618	520	534
Precision Machinery					
Nippon Kogaku	582	—	231	185	181
Canon Camera	1,600	10	254	220	208
Other Manufacturing Industries					
Toppan Printing	750	18	453	400	380
Nippon Musical Instrument	1,000	20	893	810	714
Trading Companies					
Mitsui Bussan	6,223	14	525	475	426
Mitsubishi Shoji	10,000	14	229	210	203
Mitsukoshi	3,645	20	237	209	216
Real Estate					
Mitsui Real Estate	1,300	15	525	480	548
Mitsubishi Estate	5,160	15	384	346	337
Heiwa Real Estate	1,323	12	218	191	209
Transportation & Shipping					
Tobu Railways	2,400	12	127	116	118
Tokyo El. Express Railway	4,500	12	105	98	100
Nippon Express	(B) 21,600	14	128	120	124
Nippon Yusen	11,400	—	67	55	57
Osaka Shosen	7,600	—	38	30	30
Nitto Steamship	6,000	—	47	40	41
Mitsui Steamship	5,500	—	53	42	42
Iino Kaiun	13,200	—	32	28	28
Mitsubishi Shipping	4,800	—	44	39	39
Warehouse & Entertainment					
Mitsubishi Warehouse	1,200	10	124	93	115
Shochiku Motion Picture	2,772	12	60	50	55
Nikkatsu	3,366	10	61	52	57

Notes: (A) 500 yen shares. (B) 100 yen shares. Reet are all 50 yen. □ ex-new

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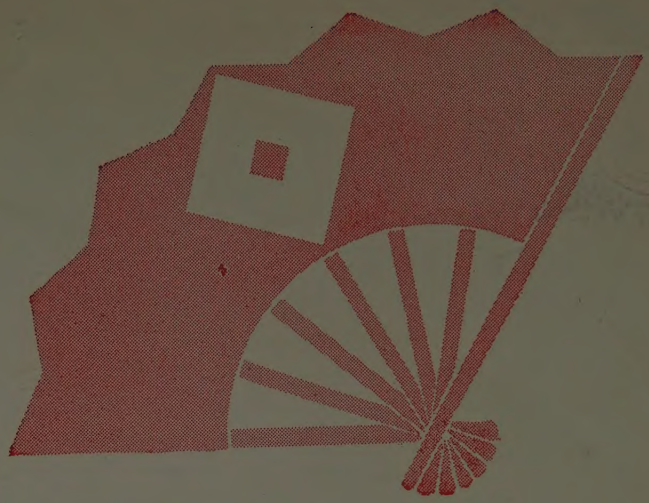

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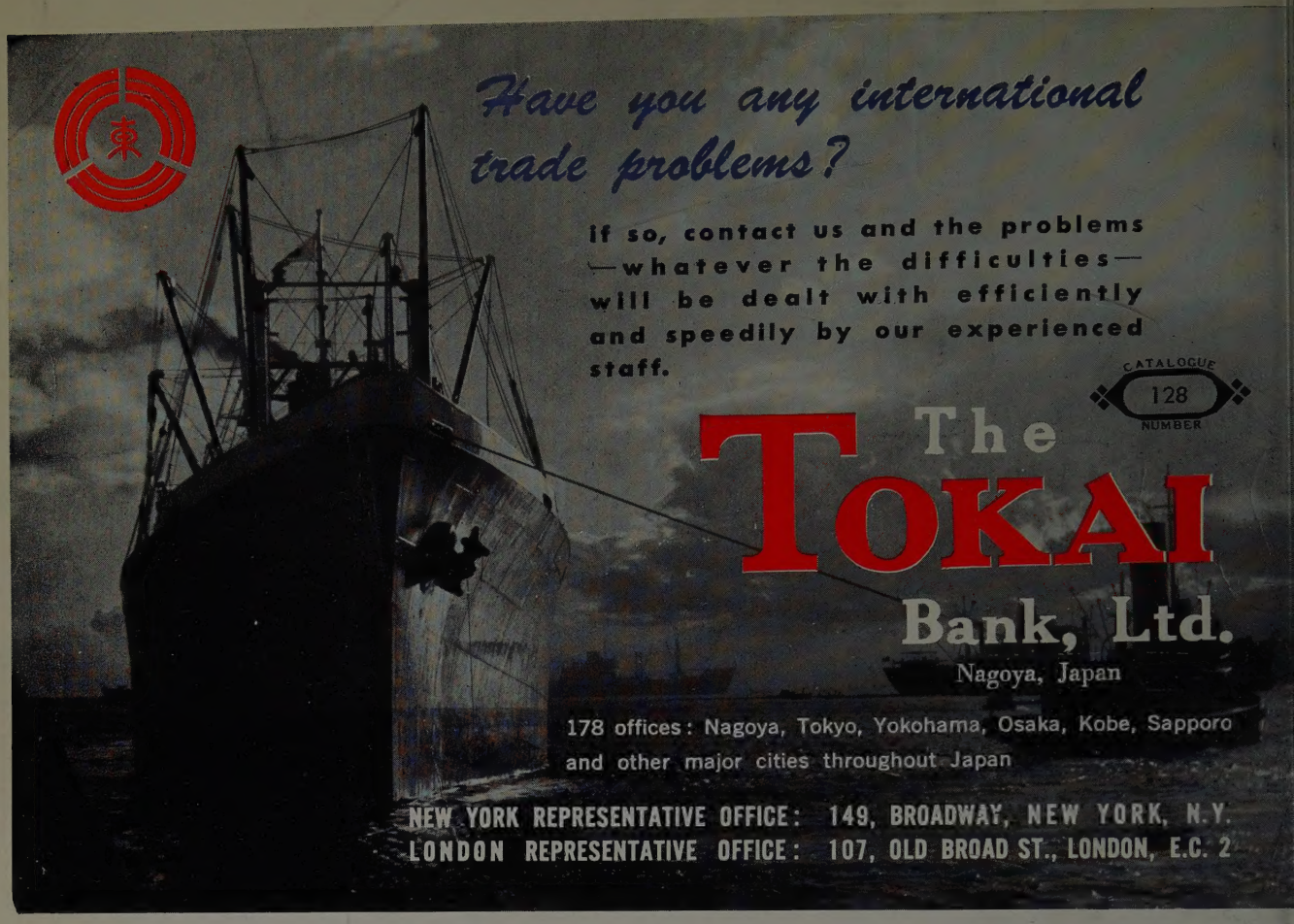
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